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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

METRO VANCOUVER REGIONAL DISTRICT
FINANCE COMMITTEE

MEETING

Thursday, February 13, 2025
1:00 pm
28th Floor Committee Room, 4515 Central Boulevard, Burnaby, British Columbia
Webstream available at https://www.metrovancouver.org

A G E N D A

A. ADOPTION OF THE AGENDA

1. February 13, 2025 Meeting Agenda
That the Finance Committee adopt the agenda for its meeting scheduled for February 13, 2025 as circulated.

B. ADOPTION OF THE MINUTES

pg. 7

1. January 16, 2025 Meeting Minutes
That the Finance Committee adopt the minutes of its meeting held January 16, 2025 as circulated.

C. DELEGATIONS

D. INVITED PRESENTATIONS

E. REPORTS FROM COMMITTEE OR CHIEF ADMINISTRATIVE OFFICER

pg. 12

1. 2025 Finance Committee Meeting Schedule and Work Plan

Executive Summary
The Terms of Reference for the Finance Committee set out the committee responsibilities in the areas of Metro Vancouver's financial management, which provides guidance and oversight on the implementation of the annual work plan.

Work plan priorities for 2025 include providing guidance and oversight to staff on the development of the annual budgets and long-term plans, development and application of financial policies as required, monitoring the completion of the year end audited financial statements including the auditors findings report, the financial performance reports, reviewing borrowing approvals and DCC collection revenues, periodic procurement contract awards/amendment activities, and reviewing transportation projects eligible for the Metro Vancouver Regional fund. The Finance Committee will consider staff reports as required by financial policy on financial operations and statutory reporting and make any necessary recommendations to the Metro Vancouver Board on appropriate actions.

Pursuant to the Terms of Reference, the meeting schedule proposes twelve meetings.

Recommendation

That the Finance Committee:

a) receive for information the Finance Committee Terms of Reference and the 2025 Annual Meeting Schedule, as presented in the report dated February 5, 2025, titled “2025 Finance Committee Meeting Schedule and Work Plan”; and
b) endorse the 2025 Work Plan, as presented in the report dated February 5, 2025, titled “2025 Finance Committee Meeting Schedule and Work Plan”.

2. Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units *pg. 19*

Executive Summary

In October 2023, the MVRD Board directed staff to review the Metro Vancouver DCC waiver framework with the aim of continuing to support affordable rental housing. This report presents proposed changes to the DCC waiver framework to include waiving DCCs for affordable units that are delivered by the private sector, and turned over to a non-profit operator (i.e. inclusionary units).

Since 2010, the Metro Vancouver DCC Waiver framework has been successful in supporting the creation of many affordable housing units, and is projected to support up to 2,500 units per year. If DCC waiver eligibility is expanded to inclusionary housing units, the number of units benefiting from DCC waivers is anticipated to increase by 281 to 361 units per year over 10 years. The expansion could also result in a 4.0% to 4.4% reduction in rents, and increase the supply of new below-market rental units by 5.3% to 6.7%. The financial impact of expanding the program to inclusionary housing units is estimated to be $5.4 million to $7.0 million per year.

The Liquid Waste, Water, Regional Parks and Regional Planning Committees have received information reports outlining proposed changes, with an opportunity to provide feedback. All feedback received is included in this report for consideration by the Finance Committee and MVRD/GVWD/GVS&DD Boards. There was general support for actions that incent and support affordable housing, however, concerns were expressed regarding the funding source to offset the waived DCC revenue and the impact it would have on existing rate payers. Overall there was a desire for more information regarding options for making up the foregone revenue including continued advocacy to the Province for infrastructure funding.

Recommendation
That the GVS&DD / GVWD / MVRD Board:
a) receive for information the report dated February 5, 2025, titled "Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units", and;
b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

3. Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions *pg. 32*

Executive Summary
In January 2025, the Finance Committee and MVRD Board endorsed a scope of work for five related projects to review and update the Metro Vancouver Development Cost Charge (DCC) program (Attachment 1). This report provides further detail on the proposed scope of work for Project 2, to review and update categories and definitions for DCCs, that will feed into Project 3 that will update DCC rate calculations based on new population and dwelling projections and updated capital costs of infrastructure.

Reviewing and updating DCC categories and definitions will help to better reflect current development trends and respond to changes in provincial housing legislation. This is prudent to consider challenging economic times and fiscal realities that could impact our long-range *Metro 2050* goals and objectives. This work will outline options for industry engagement and Board consideration to confirm categories in advance of the financial analysis work to ensure that policy values and priorities are embedded from the start.

Recommendation
That the MVRD Board endorse the scope of work as presented in the report dated February 5, 2025, titled "Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions."

4. Consideration of a Development Cost Charge Reduction for Intensive Agriculture *pg. 43*

Executive Summary
This report outlines a proposed approach to address concerns raised by the agriculture industry about the impacts of Metro Vancouver Development Cost Charges (DCCs) on Intensive Agriculture. Metro Vancouver's DCC framework currently only has one non-residential rate, which may not be suitable for Intensive

Agriculture developments given the small demand on infrastructure relative to their size of buildable area. There are four member jurisdictions that have an Intensive Agriculture rate for municipal DCCs, and these are relatively lower in comparison to the other non- residential categories.

In January 2025, a DCC work plan was endorsed by the Finance Committee that includes an update to residential and non-residential definitions, including consideration of Intensive Agriculture developments, for the next regional DCC bylaw update in 2027. As an interim measure, this report is seeking direction to develop a reduced DCC rate for Intensive Agriculture developments that meet criteria for low environmental impact. This could be achieved through a DCC reduction bylaw, which is permitted through the *Local Government Act*. If approved, staff will provide further analysis and draft a DCC reduction bylaw for Committee and Board discussion for approval Spring 2025.

Recommendation
That the GVWD/GVS&DD/MVRD Board direct staff to advance work to analyze and propose a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

5. 2026 Budget: Public Engagement Approach *pg. 47*

Executive Summary
This report outlines the approach to public engagement to support the creation of Metro Vancouver's 2026 Budget and Five-Year Financial Plan. The objectives of this engagement include sharing information about costs and revenues for Metro Vancouver services, providing information about how to provide input on key priorities, and collecting and synthesizing that input. Engagement will take place starting in February in response to feedback from the MVRD Board, that they would like to hear input from residents earlier in the budget process to help inform their decision making when setting the direction for the annual budget. Engagement will start with an online survey that will close at the end of March. A summary will be provided to the Board in April to support setting the direction for the 2026 Budget and Five-Year Financial Plan. The public will be able to continue to provide comments on the budgeting process throughout the year.

In addition to public engagement, there are scheduled opportunities for the Board, Finance Committee, and member jurisdiction staff to provide further input into the development and revisions to the draft 2026 budget and the next Five-Year Financial Plan.

Recommendation
That the MVRD Board receive for information the report dated February 5, 2025 titled "2026 Budget: Public Engagement Approach.

6. **Funding from the Canada Housing Infrastructure Fund** *pg. 50*

Executive Summary

Metro Vancouver has the opportunity to apply for funding through the Canada Housing Infrastructure Fund (CHIF) direct delivery stream, which could result in $250 million in federal funding through the provincial stream for the Iona Island Wastewater Treatment Plant projects (Iona projects). The federal government designated funding to the Iona projects in the 2024 Fall Economic Statement; however, this contribution, starting in 2025–2026, is subject to Metro Vancouver meeting the conditions of the fund. To do this, Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which requires changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

If in-stream protection were to be extended by an additional 12 months, the estimated foregone DCC revenue for Metro Vancouver is estimated to be $220 million, which would be roughly offset by the $250 million grant for the Iona projects. In addition to potentially satisfying the CHIF requirements, the proposed extension of the in-stream protection also responds to the concerns of the development community regarding the impact of DCCs. The federal government has not yet determined if Metro Vancouver's proposed measures will be accepted. In addition, the federal government's approval for these measures is directly linked to member municipalities' ability to apply for CHIF. Staff will report back as soon as there is further clarity.

Recommendation

That the GVWD/GVS&DD/MVRD Board receive for information the report dated February 5, 2025, titled "Funding from the Canada Housing Infrastructure Fund".

7. **Responding to Director Kooner's November 12, 2024 Memo** *pg. 53*

Recommendation

That the Finance Committee receive for information report titled "Responding to Director Kooner's November 12, 2024 Memo", dated February 5, 2025.

F. INFORMATION ITEMS

G. OTHER BUSINESS

H. RESOLUTION TO CLOSE MEETING

Note: The Committee must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.

That the Finance Committee close its meeting scheduled for February 13, 2025 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality.

I. ADJOURNMENT

That the Finance Committee adjourn its meeting of February 13, 2025.

Membership:

Kooner, Pardeep (C) – Surrey
Klassen, Mike (VC) – Vancouver
Brodie, Malcolm – Richmond
Buchanan, Linda – North Vancouver City
Kruger, Dylan – Delta
Little, Mike – North Vancouver District
MacDonald, Nicole – Pitt Meadows
McEvoy, Jaimie – New Westminster
McEwen, John – Anmore
Woodward, Eric – Langley Township

METRO VANCOUVER REGIONAL DISTRICT
FINANCE COMMITTEE

Minutes of the Regular Meeting of the Metro Vancouver Regional District (MVRD) Finance Committee held at 1:00 pm on Thursday, January 16, 2025 in the 28th Floor Committee Room, 4515 Central Boulevard, Burnaby, British Columbia.

MEMBERS PRESENT:
Chair, Director Pardeep Kooner, Surrey
Vice Chair, Director Mike Klassen, Vancouver
Director Malcolm Brodie*, Richmond
Director Linda Buchanan, North Vancouver City
Director Dylan Kruger*, Delta
Mayor Mike Little, North Vancouver District
Director Nicole MacDonald, Pitt Meadows
Director John McEwen, Anmore
Director Eric Woodward, Langley Township

MEMBERS ABSENT:
Councillor Jaimie McEvoy, New Westminster

*denotes electronic meeting participation as authorized by the *Procedure Bylaw*

STAFF PRESENT:
Jerry W. Dobrovolny, Chief Administrative Officer
Harji Varn, Chief Financial Officer/General Manager, Financial Services
Rapinder Khaira, Legislative Services Coordinator, Board and Information Services
Robert Kates, Real Estate Services, Procurement and Real Estate Services
Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
Peter Navratil, General Manager, Liquid Waste Services

A. ADOPTION OF THE AGENDA

1. January 16, 2025 Meeting Agenda

It was MOVED and SECONDED
That the Finance Committee:
a) amend the agenda for its meeting scheduled for January 16, 2025 to consider item H immediately; and
b) adopt the agenda as amended.

CARRIED

The Committee considered item H. Resolution to close at this point.

H. RESOLUTION TO CLOSE MEETING

It was MOVED and SECONDED
That the Finance Committee close its meeting scheduled for January 16, 2025 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

(e) the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;

(g) litigation or potential litigation affecting the municipality;

(2) A part of a council meeting must be closed to the public if the subject matter being considered relates to one or more of the following:

(b) the consideration of information received and held in confidence relating to negotiations between the municipality and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

CARRIED

It was MOVED and SECONDED
That the Finance Committee recess its open meeting of January 16, 2025.

CARRIED

The open meeting was recessed at 1:02 pm.

The open meeting reconvened at 1:34 pm.

B. ADOPTION OF THE MINUTES

1. November 13, 2024 Meeting Minutes

It was MOVED and SECONDED
That the Finance Committee adopt the minutes of its meeting held November 13, 2024 as circulated.

CARRIED

C. DELEGATIONS

No items presented.

D. INVITED PRESENTATIONS

No items presented.

E. REPORTS FROM COMMITTEE OR CHIEF ADMINISTRATIVE OFFICER

1. Development Cost Charge Program – Proposed Scope of Work for 2025-2027

Report dated December 20, 2024, from Heather McNell, Deputy Chief Administrative Officer, Policy and Planning and Harji Varn, Chief Financial Officer/General Manager, Financial Services, providing the Finance Committee with the opportunity to endorse the proposed scope of work to review and update the Metro Vancouver development cost charge program.

It was MOVED and SECONDED
That the MVRD Board endorse the scope of work as presented in the report dated December 20, 2024, titled "Development Cost Charge Program – Proposed Scope of Work for 2025-2027."

CARRIED

2. Responding to Director Kooner's November 12, 2024 Memo

Report dated January 8, 2025, from Heather McNell, Deputy Chief Administrative Officer, Policy and Planning, providing the Finance Committee and MVRD Board a response to Director Kooner's November 12, 2024 memo to the Finance Committee.

Members requested more time to review the report.

It was MOVED and SECONDED
That the MVRD Board receive for information the report dated January 8, 2025, titled "Responding to Director Kooner's November 12, 2024 Memo" and direct staff to place it on the next Finance Committee meeting agenda for discussion.

CARRIED

3. Sale of Old Head Office Building – Seismic Guarantee Update

Report dated December 11, 2024, from Robert Kates, Real Estate Services, Procurement and Real Estate Services, providing the Finance Committee an update on the status of the Guarantee and the likelihood of recovering the funds owed to GVWD.

Members, in their discussion, questioned why the $9M seismic upgrade variance Guarantee that formed part of the sale agreement with SCREO Metrotown GP Inc for 4330 Kingsway was not secured.

It was MOVED and SECONDED
That the MVRD Board direct staff to bring forward a report on why the $9M owing to Metro Vancouver for the seismic upgrade variance guarantee that formed part of the sale agreement with SCREO Metrotown GP Inc for 4330 Kingsway is unsecured debt.

CARRIED

4. MFA Spring 2025 Borrowing for the Township of Langley – MVRD Security Issuing Bylaw No. 1404, 2025

Report dated December 9, 2024, from Linda Sabatini, Director, Financial Operations, providing the Finance Committee and MVRD Board an opportunity to consider *Metro Vancouver Regional District Security Issuing Bylaw No. 1404, 2025* for first, second, and third readings, and adoption.

It was MOVED and SECONDED

That the MVRD Board:

a) give consent to the request for financing from the Township of Langley in the amount of $198,652,634 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1404, 2025*; and
c) adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1404, 2025* and forward it to the Inspector of Municipalities for Certificate of Approval.

CARRIED

5. Manager's Report

Report dated December 12, 2024, from Harji Varn, Chief Financial Officer/General Manager, Financial Services, providing the Finance Committee with an update on the 2024 financial forecast.

Members requested that the committee and Board be able to review the 2024 Financial Statements prior to the audit.

It was MOVED and SECONDED

That the MVRD Board direct staff to bring forward the draft 2024 Financial Statements prior to the audit for Board review.

CARRIED

It was MOVED and SECONDED

That the Finance Committee receive for information the report dated December 12, 2024, titled "Manager's Report".

CARRIED

F. INFORMATION ITEMS

No items presented.

G. OTHER BUSINESS

No items presented.

I. ADJOURNMENT

It was MOVED and SECONDED

That the Finance Committee adjourn its meeting of January 16, 2025.

CARRIED

(Time: 2:24 pm)

Rapinder Khaira, Legislative Services Coordinator	Pardeep Kooner, Chair

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Harji Varn, Chief Financial Officer/General Manager, Financial Services

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **2025 Finance Committee Meeting Schedule and Work Plan**

RECOMMENDATION

That the Finance Committee:

a) receive for information the Finance Committee Terms of Reference and the 2025 Annual Meeting Schedule, as presented in the report dated February 5, 2025, titled "2025 Finance Committee Meeting Schedule and Work Plan"; and
b) endorse the 2025 Work Plan, as presented in the report dated February 5, 2025, titled "2025 Finance Committee Meeting Schedule and Work Plan".

EXECUTIVE SUMMARY

The Terms of Reference for the Finance Committee set out the committee responsibilities in the areas of Metro Vancouver's financial management, which provides guidance and oversight on the implementation of the annual work plan.

Work plan priorities for 2025 include providing guidance and oversight to staff on the development of the annual budgets and long-term plans, development and application of financial policies as required, monitoring the completion of the year end audited financial statements including the auditors findings report, the financial performance reports, reviewing borrowing approvals and DCC collection revenues, periodic procurement contract awards/amendment activities, and reviewing transportation projects eligible for the Metro Vancouver Regional fund. The Finance Committee will consider staff reports as required by financial policy on financial operations and statutory reporting and make any necessary recommendations to the Metro Vancouver Board on appropriate actions.

Pursuant to the Terms of Reference, the meeting schedule proposes twelve meetings.

PURPOSE

To provide the Finance Committee with the 2025 Work Plan, Terms of Reference, and the Annual Meeting Schedule.

BACKGROUND

Annually, following the Board Inaugural meeting in November, the Board Chair establishes the committee structure and the terms of reference for each committee for the new year. To support the Committee in its work, this report brings forward the committee's Work Plan and the Schedule of Meetings for 2025.

2025 WORK PLAN

The Annual Work Plans for the Finance Committee are based on the 2025 Budget approved by the MVRD/GVWD/GVS&DD/MVHC Board on November 1, 2024, which includes a list of key actions that were used to develop the Finance Committee's Work Plan presented in this report (Attachment 1).

The Work Plan presented in this report is consistent with the Finance Committee's Terms of Reference (Attachment 2) and with the Board Strategic Plan and is being brought forward for the Committee's information, review and endorsement.

Key actions in the 2025 Work Plan for the Committee are described below and listed according to the Committee responsibilities in its Terms of Reference.

- 2024 Audited Financial Statements
- Commence 2025 – 2027 DCC Workplan
- Financial Performance Reports
- 2026 Budget Engagement Timeline and Approach
- 2026 - 2030 Five Year Financial Plan and 2026 Budget & Annual Rates
- MFA Items/Updates *(as required)*
- Financial Policy Review *(as required)*
- Long Term Financial Plan *(DRAFT)*
- TransLink Revised GVRF/CCBF Policy and Application Guide

The committee will be updated on the status of the actions and projects in this Work Plan on a monthly basis per the Committee's schedule.

2025 COMMITTEE MEETING SCHEDULE

The *Procedure Bylaw* requires the Corporate Officer to provide the Committee with an Annual Meeting Schedule for the upcoming year, including the date, time, and place of the meetings (Attachment 3).

Meeting Place

Committee meetings will be held at Metro Vancouver Boardroom/Committee Room, 28th Floor, 4515 Central Blvd, Burnaby, BC, at 9:00 am/1:00 pm, unless otherwise specified on the Metro Vancouver public notice board, the Metro Vancouver website, and the respective agenda.

ALTERNATIVES

1. That the Finance Committee:
   a) receive for information the Finance Committee Terms of Reference and the 2025 Annual Meeting Schedule, as presented in the report dated February 5, 2025, titled "2025 Finance Committee Meeting Schedule and Work Plan"; and
   b) endorse the 2025 Work Plan, as presented in the report dated February 5, titled "2025 Finance Committee Meeting Schedule and Work Plan".

2. That the Finance Committee:
   a) receive for information the Finance Committee Terms of Reference and the 2025 Annual Meeting Schedule, as presented in the report dated February 5, 2025, titled “2025 Finance Committee Meeting Schedule and Work Plan”; and
   b) endorse the 2025 Work Plan, as presented in the report dated February 5, 2025, titled “2025 Finance Committee Meeting Schedule and Work Plan”, incorporating the requested changes from the Finance Committee.

FINANCIAL IMPLICATIONS

The priorities in the 2025 Work Plan of the Finance Committee are consistent with the 2025 Budget approved by the MVRD/MVHC/GVWD/GVS&DD Board on November 1, 2024, and with key actions included in the Annual Work Plans. Committee meeting expenses and remuneration associated with meeting attendance have been allocated in the annual budget.

CONCLUSION

The Work Plan presented in this report identifies the priorities for the Finance Committee in 2025 and is consistent with its Terms of Reference and the 2025 Budget approved by the MVRD/MVHC/GVWD/GVS&DD Board. To assist the Committee, the 2025 Annual Meeting Schedule has been established to guide the Committee’s success in completing the business of the Work Plan. Staff recommend that Alternative 1 be approved.

ATTACHMENTS

1. Finance Committee 2025 Work Plan.
2. Finance Committee Terms of Reference.
3. Finance Committee 2025 Annual Meeting Schedule.

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Finance Committee 2025 Work Plan

Report Date: February 5, 2025

Priorities

1st Quarter	**Status**
2025-2027 DCC Workplan	Completed
Review and Endorse Committee 2025 Priorities and Work Plan	In Progress
Municipal Finance Authority Items/New Borrowing & Updates (*if applicable*)	In Progress
Development Cost Charge Workplan Scope of Work Updates *(as required)*	In Progress
TransLink Revised GVRF/CCBF Policy and Application Guide	Pending
2026 Budget Engagement Timeline and Approach	In Progress
Financial Policy Review *(as required)*	Pending
2nd Quarter	**Status**
Board Budget Workshop: 2026-2030 Financial Plan Direction	Pending
2024 Final Year End Financial Performance Results Review	Pending
2024 Audited Financial Statements	Pending
2024 External Audit Findings Report	Pending
2024 Statement of Financial Information (SOFI)	Pending
2025 Financial Performance Report	Pending
Development Cost Charge Workplan Progress Updates *(as required)*	Pending
Municipal Finance Authority Items/New Borrowing & Updates (*if applicable*)	Pending
TransLink Greater Vancouver Regional Fund – Annual Report	Pending
Financial Policy Review *(as required)*	Pending
3rd Quarter	**Status**
Development Cost Charge Workplan Progress Updates *(as required)*	Pending
Municipal Finance Authority Items/New Borrowing & Updates (*if applicable*)	Pending
2025 - 2027 DCC Scope of Work Progress	In Progress
2026 - 2030 Draft Capital Plan	Pending
Financial Policy Review *(as required)*	Pending
4th Quarter	**Status**
2026 - 2030 Five Year Financial Plan and 2026 Budget & Annual Rates	Pending
2025 External Audit Plan	Pending
2025 Financial Performance Report	Pending
Development Cost Charge Workplan Progress Updates *(as required)*	Pending
Long Term Financial Plan *(draft)*	Pending
TransLink Federal Gas Tax/CCBF Application	Pending
Financial Policy Review (as required)	Pending

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

Finance Committee
Terms of Reference

The Finance Committee is the standing committee of the Metro Vancouver Board that monitors Metro Vancouver's financial management, providing advice and recommendations on financial policies, the annual budget and long-term financial plans for Metro Vancouver's Districts, as well as reviewing periodic and annual financial results and providing oversight on the annual audit.

Committee Responsibilities
Within the scope of the *Board Strategic Plan*, Metro Vancouver management plans, Board policies, and *Metro Vancouver Financial Plan*, the Committee provides guidance and oversight to staff in the development of annual and long-term budgets, and the development and application of financial policies. Specific Committee responsibilities include the following:

- Guiding and monitoring the development of annual and long-term financial plans for consideration by the Board;
- Guiding the development of financial policies for consideration by the Board;
- Reviewing adjustments to approved budgets and financial plans;
- Guiding the establishment and rate setting of alternate revenue sources including Development Cost Charges;
- Reviewing borrowing approvals made on behalf of Metro Vancouver Districts or member municipalities, and recommending changes as necessary;
- Reviewing the Financial Performance and Annual Forecast of Metro Vancouver's financial operations, including revenue, operating and capital expenditure actual vs budget;
- Reviewing the annual plan for the external audit and make recommendations, as necessary, on changes to scope and priorities;
- Reviewing the results of the annual external audit, including the auditor's findings report and the annual Audited Financial Statements;
- Reviewing periodically contract awards or amendments pursuant to the Procurement and Real Property Contracting Authority;
- Reviewing the collection of Development Cost Charges and recommending changes as necessary;
- To consider staff reports, as required by financial policy on financial operations and statutory reporting and make any necessary recommendations to the Metro Vancouver Board on appropriate actions;
- Reviewing transportation projects eligible for the Metro Vancouver Regional Fund as part of the Canada Community Building Fund (CCBF) proposed each year by TransLink, in accordance with the *Administrative Agreement on the Federal Gas Tax Fund in British Columbia* and the *Federal Gas Tax Fund Expenditures* Board Policy, and making recommendations to the Board on funding approvals; and
- Human Resource matters.

Committee Membership and Meetings
The Chair, Vice Chair and members are appointed annually by the Chair of the Metro Vancouver Board. The Committee meets monthly, except for August and December, and holds special meetings as required. A quorum of 50% plus one of the Committee membership is required to conduct Committee business.

Committee Management
The Committee Chair, or in the absence of the Chair the Vice Chair, is the chief spokesperson on matters of public interest within the Committee's purview. For high profile issues the role of spokesperson rests with the Metro Vancouver Board Chair or Vice Chair. On technical matters or in cases where an initiative is still at the staff proposal level, the Chief Administrative Officer or designate is the appropriate spokesperson. Where necessary and practical, the Board Chair, Committee Chair and Chief Administrative Officer will confer to determine the most appropriate representative to speak.

The Chief Administrative Officer assigns a Committee Manager for the Committee. The Committee Manager is responsible for coordinating agendas and is the principal point of contact for Committee members.

Finance Committee 2025 Annual Meeting Schedule

Thursday, January 16, 2025	1:00 PM
Thursday, February 13, 2025	1:00 PM
Thursday, March 13, 2025	1:00 PM
Thursday, April 17, 2025	1:00 PM
Thursday, May 15, 2025	1:00 PM
Thursday, June 12, 2025	1:00 PM
Thursday, July 10, 2025	1:00 PM
Thursday, September 18, 2025	1:00 PM
Thursday, October 16, 2025	1:00 PM
Thursday, November 13, 2025	1:00 PM

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To:	Finance Committee
From:	Jessica Hayes, Program Manager, Housing Policy and Planning, Regional Planning and Housing Services
Date:	February 5, 2025 — Meeting Date: February 13, 2025
Subject:	**Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units**

RECOMMENDATION

That the GVS&DD / GVWD / MVRD Board:

a) receive for information the report dated February 5, 2025, titled "Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units", and;
b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

EXECUTIVE SUMMARY

In October 2023, the MVRD Board directed staff to review the Metro Vancouver DCC waiver framework with the aim of continuing to support affordable rental housing. This report presents proposed changes to the DCC waiver framework to include waiving DCCs for affordable units that are delivered by the private sector, and turned over to a non-profit operator (i.e. inclusionary units).

Since 2010, the Metro Vancouver DCC Waiver framework has been successful in supporting the creation of many affordable housing units, and is projected to support up to 2,500 units per year. If DCC waiver eligibility is expanded to inclusionary housing units, the number of units benefiting from DCC waivers is anticipated to increase by 281 to 361 units per year over 10 years. The expansion could also result in a 4.0% to 4.4% reduction in rents, and increase the supply of new below-market rental units by 5.3% to 6.7%. The financial impact of expanding the program to inclusionary housing units is estimated to be $5.4 million to $7.0 million per year.

The Liquid Waste, Water, Regional Parks and Regional Planning Committees have received information reports outlining proposed changes, with an opportunity to provide feedback. All feedback received is included in this report for consideration by the Finance Committee and MVRD/GVWD/GVS&DD Boards. There was general support for actions that incent and support affordable housing, however, concerns were expressed regarding the funding source to offset the waived DCC revenue and the impact it would have on existing rate payers. Overall there was a desire for more information regarding options for making up the foregone revenue including continued advocacy to the Province for infrastructure funding.

PURPOSE

To seek GVS&DD / GVWD / MVRD Board feedback on proposed new directions for Metro Vancouver's Development Cost Charge (DCC) Waiver Framework, and direction to conduct further financial analysis to mitigate any potential impacts of foregone DCC revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

BACKGROUND

At its October 27, 2023 meeting, the MVRD Board gave third reading to bylaws to revise DCC rates and implement a regional parkland acquisition DCC, based on the principle of ensuring new development in the region fund the cost of the infrastructure expansion required to service growth. The DCC rates approved included transitioning, over three years, to a 1% assist factor, such that new growth would pay for 99% of infrastructure required to accommodate growth. As part of implementing revised DCC rates, the Board directed staff to conduct reviews of the DCC program, including a review of the DCC waiver program with the aim of supporting rental housing and incentivizing affordable housing.

Following the halting of Housing Accelerator Fund dollars earmarked for Metro Vancouver member jurisdictions as a result of concerns expressed by the Federal Housing Minister about proposed DCC rate increases, there were discussions with the Federal government around measures to mitigate the impact of increased DCCs, particularly on the delivery of rental and affordable housing. The proposed expansion of DCC waiver eligibility to include inclusionary housing units as described in this report was identified as a potential interim strategy to support affordable housing as per the Board's resolution and in response to the Federal government's concerns. Metro Vancouver is exploring more comprehensive measures as part of the review and update of DCC rates for 2027, as well as ongoing advocacy for infrastructure funding.

In response to the Board's direction, Metro Vancouver conducted an analysis to assess the costs/benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion, to ensure that it is possible for the benefit of the DCC waiver to flow through to non-profit partners in the form of realized housing affordability benefits (i.e. lower rents and/or more units). This report provides an overview of proposed amendments to the DCC waiver bylaws stemming from this analysis, including providing DCC waivers for inclusionary housing units, and other amendments to simplify implementation of the waivers.

CONSIDERATION OF AFFORDABLE HOUSING DCC WAIVERS FOR INCLUSIONARY HOUSING UNITS

In recent years, BC local governments have been using tools such as inclusionary housing and density bonusing to require the provision of affordable housing units within private developments, often as a condition of rezoning. Six of the 19 municipalities that have DCC Bylaws in Metro Vancouver currently waive or reduce DCCs for affordable rental housing, and it is anticipated that, with the introduction of new provincial housing legislation to enable inclusionary zoning powers, there will be an increasing number of projects in which for-profit and not-for-profit entities collaborate in projects with a mix of market and below-market housing. As a result of these changes and in response to MVRD Board direction, Metro Vancouver is exploring possible adjustments to its DCC waiver framework to better enable and incent inclusionary units.

Currently, regional liquid waste and water DCCs are waived for not-for-profit rental housing that is:

- Owned, leased or otherwise held by a not-for-profit society, BC Housing, CMHC, a non-profit municipal housing corporation, or a registered charity at the time of any application for, or issuance of, a waiver of DCCs;
- Operated as rental housing for people who meet eligibility criteria;
- Governed by the terms of an agreement and/or covenant with the Province of British Columbia, BC Housing, CMHC or a municipality regarding the operation of the housing and stipulating how the dwelling units will be managed and occupied; and
- Geared toward households who meet or fall below the applicable Housing Income Limits (HILs) as defined by BC Housing.

In addition, Metro Vancouver's existing framework includes provisions to reduce DCCs by 50% for not-for-profit student housing. The intent of the DCC waivers and reductions has been to support the development of affordable housing by non-profit entities. To that end, the bylaws require that applicants either own or lease the affordable units at the time of the application for or issuance of the DCC waiver (typically at the time of building permit issuance). The intent of the requirement for ownership or possession of the affordable units at the time of the application was to ensure any foregone DCC revenue directly supported non-profit affordable housing, without relying on private agreements to secure housing commitments that the region cannot enforce or effectively monitor.

In October 2023, the MVRD Board directed staff to review the DCC waiver framework with the aim of supporting rental housing and incentivizing affordable housing. Concurrently, Metro Vancouver has received an increasing number of enquiries as to whether privately owned affordable units that will be transferred to a not-for-profit upon completion qualify for a waiver of regional DCCs. Under the currently waiver Bylaw, the not-for-profit must have fee simple ownership or an enacted lease at the time of the application or issuance of the waiver. Additionally, through its engagement with the development industry on DCCs, Metro Vancouver has received feedback requesting that Metro Vancouver revisit the DCC waiver bylaws to better facilitate the delivery of inclusionary units.

LEGAL CONTEXT AND DCC WAIVER BYLAW HISTORY

Metro Vancouver can, by bylaw, waive or reduce DCCs for certain types of development under provincial legislation (*Local Government Act* and *GVS&DD Act*), including:

- **Not-for-profit rental housing**: This includes supportive living housing;
- **For-profit affordable rental housing**: Local governments can waive or reduce DCCs for these types of developments;
- **Small lots**: Local governments can waive or reduce DCCs for subdivisions of small lots that are designed to have low greenhouse gas emissions; and
- **Low environmental impact**: Local governments can waive or reduce DCCs for developments that are designed to have a low environmental impact.

Since 2010, Metro Vancouver has waived DCCs for not-for-profit rental housing. From 2010-2018, Metro Vancouver also waived DCCs for for-profit rental housing where rental rates were set at 20% below the lesser of CMHC average market rents for the municipality or region. In 2018, when a separate DCC waiver bylaw was introduced, applicability of the DCC waiver was limited to not-for-profit rental housing only. As such, DCCs cannot currently be waived if not-for-profit affordable housing units are delivered by a private entity (inclusionary housing). On May 25, 2018, the GVS&DD Board adopted *Greater Vancouver Sewerage and Drainage District Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw, No. 314, 2018* (Reference 1). At this time, the Board, in consultation with its members, decided to limit the DCC waiver to not-for-profit rental housing only. On October 26, 2018, the GVS&DD Board enacted an amending bylaw, *GVS&DD Bylaw, No. 322, 2018*, to establish additional requirements and conditions for a 50 per cent reduction of DCCs for Not-for-Profit Student Housing.

To support housing affordability within the region, and ease of administration for municipalities within Metro Vancouver, TransLink also adopted a bylaw in 2018 to provide a waiver for not-for-profit affordable rental housing and reduction for not-for-profit student housing from DCCs consistent with the waiver and reduction provided by GVS&DD.

On April 28, 2023, the GVWD Board adopted *Greater Vancouver Water District Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw, No. 256, 2022* (Reference 2). The frameworks for liquid waste and water DCC waivers are identical. When the new parkland acquisition DCC is introduced in 2025, it is proposed to also provide DCC waivers to affordable rental housing under the same conditions as the existing bylaws.

SCOPE AND FINDINGS OF THE DCC WAIVER BYLAW REVIEW

Metro Vancouver assessed the costs and benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion. The review included modelling the ability of mixed-market residential developments to absorb DCC payments for affordable housing units in a market development, and the impact of these DCC payments on the provision of affordable units required through negotiations/agreements with local governments (e.g. secured via an inclusionary zoning bylaw, density bonus, or negotiated at the time of rezoning). The objective of the review was to identify whether the DCC payments impact the viability of the project and the ability of the private developer to produce the agreed upon affordable/inclusionary units at below-market rates. The review also analyzed whether the benefit of a DCC waiver would be likely to be passed down from the private developer to the not-for-profit owner or operator.

The DCC waiver review found that, given the increasing number of developments in the region in which for-profit and not-for-profit entities collaborate to include a mix of market and below-market housing, the waiver framework should be adjusted to enable DCC waivers for this type of development, provided there are mechanisms in place to ensure that the benefit of the waiver flows through to the not-for-profit entity. Such mechanisms could include using contract terms that require the transfer of units at cost or a specified price, with no provision for land cost or developer profit. This recommendation is aligned with the findings of Metro Vancouver’s recent Inclusionary Housing Policy Review study (Reference 3), which found that inclusionary housing policies were most viable and worked most effectively where the inclusionary units are sold at below-market rates to a non-profit organization for ongoing ownership, management, and operations. Selling the units at a reduced price to a not-for-profit housing provider facilitates retention of the units in the affordable market, improves long term affordability, and reduces the need for monitoring.

If the DCC waiver eligibility is expanded to inclusionary housing units that are built by a private developer and then turned over at or below cost to a non-profit (or government) upon completion, the number of affordable units receiving a DCC waiver is anticipated to increase between 281 to 361 units per year in the 10-year period between 2025 and 2034. A review found waiving Metro DCCs for inclusionary units could reduce break-even rents for affordable housing projects by 4.0% to 4.4%. Alternatively, waiving Metro Vancouver DCCs for inclusionary housing could increase the supply of new below-market rental units by between 5.3% and 6.7% with the same equity invested by affordable housing developers. There are a number of factors which make it difficult to accurately predict the mix of rent reductions or increased housing supply, because how the savings from the DCC waiver are applied will vary from project to project based on site capacity, the financial resources of the non-profit entity, and other factors. There is also no reliable way to predict whether there will be new projects that would not otherwise have been built because of the change. For the waiver to be effective it must be coupled with inclusionary housing policies that limit the sale price upon transfer of the units to the non-profit partner, to ensure that the cost savings are passed on to the non-profit entity and not the private developer.

The study found that with appropriate oversight, it is possible to ensure that the foregone DCC revenue will translate into affordable housing benefits, in the form of lower rent, more units, or some combination thereof. Though the legislation permits DCCs to be waived for for-profit rental housing units, the current review did not consider development projects that include a mix of market units and below-market units all developed and owned by a private for-profit entity (e.g. purpose-built rental housing buildings incorporating below-market rental units). The proposed revised bylaw definitions to enable a waiver of DCCs for inclusionary units is outlined in Table 1 below.

Table 1: Proposed Amendment – Waiver of DCCs for Inclusionary Units Turnkeyed to Not-for-Profit Entities

Bylaw Section	Proposed Change	Rationale
Definition of “Not-for-Profit Affordable Housing”	Modify the definition of “Not-for-Profit Affordable Housing” to include affordable rental units in a mixed-market or mixed-tenure project (e.g. inclusionary housing units) built by a private developer, where there is an obligation to turnkey the affordable rental units to a not-for-profit entity upon completion, provided there is a means to ensure that the benefit of the waiver flows through to the not-for-profit entity. A DCC waiver will only be provided for the units where there is a binding agreement obligating the developer to turnkey the units via sale or long-term lease to not-for-profit entity, where there is an agreement	Currently, the definition states that the units that will be built must be “owned, leased, or otherwise held” by a Not-for-Profit Society, BC Housing, CMHC, a Non-Profit Municipal Housing Corporation or a Registered Charity at the time of any application for, or issuance of, a waiver of DCCs. Expanding eligibility for the DCC waivers to affordable rental units built by for-profit entities that will be turn-keyed to a not-for-profit at cost, under strict contract terms, is aligned with the original intent of the bylaws to support not-for-profit affordable housing, and ensures that foregone

	with Province, BC Housing, CMHC, or municipality regarding operation of the units, and where the cost of the units transferred to the not-for-profit entity does not include any land cost or developer's profit (but can include a reasonable project management fee). Verification would be obtained in the form of municipal confirmation that agreements or regulations are in place which restrict the sale price of the units to the not-for-profit entity.	DCC revenue are translated into tangible affordable housing benefits for the region.

PROPOSED ADDITIONAL HOUSEKEEPING AMENDMENTS
In addition to bylaw amendments being considered to enable DCC waivers for inclusionary units, the DCC waiver bylaw review also considered amendments to simplify implementation of the existing framework, as outlined in Table 2.

Table 2: Proposed Additional DCC Waiver Bylaw Housekeeping Amendments

Bylaw Section	Proposed Change	Rationale
Definition of "Not-for-Profit Affordable Housing"	Clarify eligible not-for-profit entities within the existing definition of Not-for-Profit Affordable Rental Housing	Add 'Member Jurisdiction', 'Metro Vancouver Housing Corporation', 'British Columbia Housing Management Commission', 'Provincial Rental Housing Corporation', 'Vancouver Affordable Housing Agency' to the list of public bodies described in the definition of Not-for-Profit Rental Housing.
Section 3.1	Remove the household income criteria for eligible Not-for-Profit Affordable Rental Housing Developments (i.e. requirement that units be occupied by households with incomes at or below BC Housing's Housing Income Limits (HILs))	Eliminating the requirement for specific rent rates or income limits as long as there is an agreement in place with the Province, BC Housing, CMHC, or municipality regarding management of units for the purpose of providing affordable housing, will streamline the administration of the DCC Waiver, and eliminate the need for ongoing compliance monitoring of eligible rents. This change would make the DCC waiver automatic for units developed, owned, and operated by a not-for-profit entity, subject to confirmation of units being non-market rental. Confirmation would include evidence of provincial or federal affordable housing funding OR a statutory declaration that units will be below-market rental OR an agreement or covenant with the Province, BC Housing, CMHC, or a municipality. This approach would remove the need to evaluate varying yet overlapping affordability and income criteria for non-profit affordable rental housing, which is already being assessed and secured by other levels of government.

Section 3.1	Remove the thirty percent affordability threshold for an entire not-for-profit affordable rental housing development to receive a DCC waiver	Currently, the DCC waiver framework makes an entire project eligible for a DCC waiver if at least 30% of the units meet the household income requirement (based on BC Housing HILs). Removing this threshold in favour of a simplified system that relies on the affordability and income mix stipulated through senior government funding or municipal policy will simplify administration and monitoring. In addition, nearly all waivers granted to non-profits to date have been for 100% of units in the development (i.e. non-profit affordable housing projects rarely fall short of providing at least 30% of the total units at affordability levels suitable for HILs incomes).
Section 3.2	Replace 50% DCC reduction for Not-for-Profit Student Housing with 100% DCC waiver	In 2018, when amendments were made to the DCC waiver framework to enable a 50% DCC reduction for not-for-profit student housing, it was assumed that most student housing units would not pay DCCs as a result of the statutory exemption for units less than 29 square metres in size. However, the *GVS&DD Act* and *LGA* specify that such units must be 'self-contained' (with kitchen and bathroom) to be exempt from DCCs. As a result, dormitory-style student housing units are subject to the per square foot DCC rates as they do not meet the current bylaw definition of a self-contained Dwelling Unit. Residences for upper year students that tend to be suite style and can include studio, one bedroom and larger apartments are technically eligible for the 50% reduction, but to date, no such reductions have been granted under the existing bylaws. Consequently, there is very little DCC revenue from student housing projects and it would be administratively simpler to waive DCCs for all student housing units, provided the housing is primarily intended for occupancy by students and is owned/operated by a post-secondary institution. Introducing a new definition of "student housing unit" that comprises housing units that have shared living quarters (kitchen, living, bath), e.g. double, triple, quad-style rooms, and ensuring that these units are eligible for a DCC waiver will simplify administration given that DCCs are already not payable for most new student housing units as they are typically under 29 m2 in area, and exempt from DCCs as per the *GVS&DD Act* and *LGA*. Though student housing units may rent at near-market rates, student housing operated on a cost recovery basis takes pressure off the local rental housing

		market and reduces transportation demand and GHG emissions.

Several illustrative examples comparing the calculation of DCCs under the current waiver bylaw with those owing with the proposed changes are shows in Attachment 1.

ENGAGEMENT SUMMARY

Staff consulted with stakeholders including member jurisdictions, industry stakeholders and other levels of government. A summary of feedback received through consultation and engagement is summarized below.

Advisory and Standing Committee Feedback

The draft proposed framework was reviewed at the October 11, 2024, Regional Planning Advisory Committee, November 21, 2024 Regional Finance Advisory Committee (RFAC), and February 7, 2025 Regional Engineers Advisory Committee meetings, with members supportive of the proposed direction and providing the following comments:

- In implementing the waivers, ease of administration and verification processes are important for municipalities;
- Supportive of mechanisms to ensure the benefits of DCC waivers for inclusionary housing flow to non-profits;
- Supportive of reduced complexity in the proposed definitions; and
- Desire for additional opportunities to engage and provide feedback and coordinate on development cost related matters.

Staff also held individual meetings with municipal staff upon request and heard generally supportive feedback regarding alignment of the proposed changes with existing municipal policies.

In addition, proposed changes were presented at the January 9, 2025 Regional Planning Committee, January 15, 2025 Liquid Waste Committee and Water Committee, and February 5, 2025 Regional Parks Committee meetings. The discussion included the following comments and feedback:

- Concerns regarding scale of revenue loss and impact on critical services (e.g. infrastructure, parks);
- Concerns regarding impact of proposed changes on existing ratepayers;
- Supportive of advocacy to the Province for infrastructure funding to replace revenue loss related to DCC waivers that support affordable housing;
- Desire to clarify that DCCs are an essential source of funding to support growth, and that DCC waivers may therefore need to be recouped from other sources;
- Avoidance of any administrative burden or additional costs resulting from negotiating agreements or aligning inclusionary housing policies to new requirements important to municipalities;
- Supportive of actions that demonstrate willingness to respond to feedback received from the development industry, given their important role as partners in delivering below-market housing under current conditions;

- Supportive of actions that further incentivize delivery of inclusionary housing units; DCC waivers may increase feasibility of municipal requirements for affordable units within market developments;
- Post-Secondary Institutions constructing student housing projects outside their core campus areas should remain eligible for a DCC waiver;
- Noted that several municipalities do not provide DCC waivers for affordable housing given the impact on critical funding for infrastructure; some use alternative growth-related funds (e.g. Affordable Housing Reserve Funds) to provide grants that offset the cost of DCCs;
- Interest in exploring granting DCC waivers/reductions without any specific alternative funding source, as a practice that supports the creation of affordable rental housing; and
- Desire to receive more information regarding options for making up the foregone revenue related to DCC waivers.

External Stakeholder Feedback
Staff additionally consulted with external stakeholders including representatives from the private development industry and non-profit housing sector. Correspondence summarizing the proposed changes and inviting written feedback was also sent to the Urban Development Institute (UDI), BC Non-Profit Housing Association (BCNPHA), and TransLink in January 2025.

Development Sector
- Consideration should be given to for-profit developers retaining ownership of inclusionary units; and,
- Consideration should be given to for-profit purpose-built rental housing incorporating below-market rental units.

Not-for-Profit Housing Sector
- Supportive of mechanisms to ensure the benefits of DCC waivers for inclusionary housing flow to non-profits; and,
- Consideration for DCC waivers or reduced DCC rates should be given to other not-for-profit residential and non-residential spaces (i.e. child care spaces, long-term care homes, institutional spaces, etc.).

NEXT STEPS
Staff have been directed by the Board to conduct periodic reviews of the DCC bylaws including a review of economic impacts and measures to support rental housing and to incentivize affordable housing and report back with recommendations. The proposed updates to the DCC waiver framework outlined in this report for consideration are one aspect of the work underway to further this objective. Should staff be directed to prepare bylaw amendments, these will come forward to the respective Committees and Boards in April 2025.

ALTERNATIVES
1. That the GVS&DD / GVWD / MVRD Board:
   a) receive for information the report dated February 5, 2025, titled “Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units”, and;

b) direct staff to bring back additional financial analysis to the Finance Committee, including options to mitigate impacts of foregone Development Cost Charge (DCC) revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

2. That the GVS&DD / GVWD / MVRD Board receive for information the report dated February 5, 2025, titled "Consideration of Updating Development Cost Charge Waivers to Include Inclusionary Housing Units".

FINANCIAL IMPLICATIONS

The Metro Vancouver DCC waiver review is within the Regional Planning and Housing Services work program and was considered as part of the Board-approved budget which includes a $50,000 for external consultant support.

Based on historical DCC waivers, it is projected that between 1,950 and 2,500 affordable units will benefit from a DCC waiver each year on average between 2024 and 2033 under the current waiver definitions. If the DCC waiver eligibility is expanded to projects that are built by a private developer and then turned over at cost to a non-profit (or government) upon completion (i.e. inclusionary housing), the review found the number of affordable units benefitting from a DCC waiver is anticipated to increase by an average of 281 to 361 units per year between 2024 and 2033. The total estimated ten-year impact on DCC revenues to Metro Vancouver of these additional units receiving the DCC waiver would range between about $54.3 million and $69.7 million between 2024 and 2033 (or $5.4 million to $7.0 million per year), representing 0.8% to 1.0% of average annual DCC revenue, as shown in Table 3. The table below also provides a breakdown of projected impact of DCC waivers on Metro Vancouver DCC revenues by entity (GVS&DD, GVWD, and MVRD). These projections assume that the same number of affordable rental housing projects would come forward absent the DCC waiver. Absent the DCC waiver, it is likely that fewer projects containing affordable rental housing units would be viable.

Table 3: Impact on Metro Vancouver DCC Revenues

Projected Affordable Rental Units Per Year by Type of Applicant	Lower Scenario (# of Units, 2024 to 2033)	Higher Scenario (# of Units, 2024 to 2033)
Current DCC Waiver Eligibility (Not-for-Profit Affordable Rental Housing)	1,969	2,527
Proposed DCC Waiver Eligibility (Inclusionary Housing Units)	281	361
Total Affordable Rental Units Receiving Waiver	2,250	2,888
Projected Impact of DCC Waivers on Metro Vancouver <u>Total DCC Revenues</u>	Lower Scenario (Total $, 2024 to 2023)	Higher Scenarios (Total $, 2024 to 2033)
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$54.3 million	$69.7 million

Projected Impact of DCC Waivers on Metro Vancouver DCC Revenues by Entity	Lower Scenario (Total $, 2024 to 2023)	Higher Scenarios (Total $, 2024 to 2033)
Liquid Waste – GVS&DD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$20.7 million	$26.6 million
Water – GVWD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$30.8 million	$39.5 million
Parkland Acquisition – MVRD		
Estimated Additional Foregone Revenue Based on Proposed Eligibility Expansion	$2.8 million	$3.6 million

In practice, there are a variety of ways that the foregone revenue resulting from DCC waivers to support affordable rental housing can be accommodated. In its DCC Best Practices Guide (Reference 4), the Province of BC recommends that the cost associated with DCC waivers and reductions be entirely supported by 'existing development'. Under this approach, the cost associated with the DCC waiver program would need to be funded through water sales, liquid waste levy, or tax requisition (i.e. existing development), which would result in updates to future budget years in the Five-Year Financial Plan, with an average annual cost per household of between $3 to $4.

Alternative approaches include absorbing the foregone revenue within the program itself, or identifying granting or other sources of funding to defray the foregone revenue. These approaches could be explored as part of the work program to review and update DCC rates for 2027.

To establish current practices relating to DCC waivers, Metro Vancouver recently surveyed municipalities to better understand how the financial impacts of DCCs that are waived and/or reduced under Section 563 of the *Local Government Act* are considered by member jurisdictions. Of the responses received, one municipality stated that DCC waivers are considered as foregone revenue, four municipalities funded DCC waivers through other growth-related funds (e.g. Affordable Housing Reserve Fund or other), and two municipalities responded that the value of DCC waivers is entirely supported by existing development/taxpayers (i.e. aligning with the Province's Best Practices guide recommendation).

CONCLUSION

Since 2010, Metro Vancouver has waived DCCs for affordable rental housing, for a time for not-for-profit and for-profit affordable rental housing, and since 2018, only for not-for-profit affordable rental housing. Metro Vancouver has assessed the costs/benefits associated with expanding eligibility for DCC waivers to private (for-profit) developers building affordable rental housing units to be transferred to a non-profit or public entity upon completion (e.g. inclusionary housing). Recognizing that the private developer is likely in receipt of other benefits or incentives (e.g. increased market residential density) in exchange for the provision of the inclusionary units, and to ensure that the benefit of the waiver flows through to non-profit partners in the form of realized housing affordability benefits (i.e. lower rents and/or more units), it is recommended that the waiver framework be adjusted to enable DCC waivers for this type of development, with strict terms in place (e.g., requiring the transfer of units to the non-profit partner at cost with no provision for land cost or profit). Several additional housekeeping amendments are also outlined in the report, to improve the efficiency and ease of administration.

Staff are now seeking feedback from the Finance Committee and Board on proposed amendments to Metro Vancouver's development cost charge (DCC) waiver framework, and direction to complete further financial analysis, including options to mitigate impacts of foregone DCC revenue on ratepayers and critical infrastructure, while maximizing affordable housing benefits of the DCC waiver framework.

ATTACHMENT

1. Example Calculation of DCC Affordable Housing Waivers (Current Framework Compared with Proposed).

REFERENCES

1. GVS&DD Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw No. 314, 2018 - Unofficial Consolidation (metrovancouver.org)
2. GVWD Development Cost Charge Waiver or Reduction for Not-for-Profit Rental Housing Bylaw No. 256, 2022 - Unofficial Consolidation (metrovancouver.org)
3. Inclusionary Housing Policy Review and Regional Model Policy Framework (metrovancouver.org)
4. Development Cost Charge Best Practices Guide (Province of BC)

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EXAMPLE CALCULATION OF DCC WAIVERS (CURRENT FRAMEWORK COMPARED WITH PROPOSED)

Scenario Description	Eligibility for DCC Waiver Under Current Bylaw	Eligibility for DCC Waiver Under Proposed Bylaw Changes
Local government-owned land will be leased to a non-profit housing agency and developed into a 100-unit social housing building. The non-profit housing agency will operate the entire building. 30 of the units will rent at BC HILs (Housing Income Limits), and 70 of the units will rent at low end of market rents.	All 100 units will be eligible for a waiver of DCCs.	All 100 units will be eligible for a waiver of DCCs.
For-profit developer plans to develop a 70-unit mixed-use strata, with an additional 30 units of social housing which will be turned over to the City upon completion at no cost as turnkey social housing (separate air space parcel to be owned by the City and operated by a non-profit housing provider).	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	The 30 social housing units will be eligible for a waiver of DCCs.
For-profit developer plans to develop a 70-unit mixed-use strata, with an additional 30 units of social housing which will be sold to a non-profit housing provider at market value upon completion.	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	Not eligible for a waiver of DCCs as the development does not meet the definition of not-for-profit affordable rental housing.
For-profit developer plans to develop a 85-unit mixed-use strata, with an additional 15 units of inclusionary housing which will be sold to a non-profit housing provider at below market value upon completion.	Not eligible for a waiver of DCCs as the development does not meet the current definition of not-for-profit affordable rental housing.	The 15 inclusionary housing units will be eligible for a waiver of DCCs.
Post-secondary institution plans to develop student housing divided into: 60 dormitory-style units smaller than 312 sq.ft. (without a kitchen or bathroom), 40 units of self-contained dwelling units larger than 312 sq.ft. (with their own kitchen and bathroom).	The 60 dormitory-style units under 312 sq.ft. are not exempt from DCCs as they are not ‘self-contained’. The 40 self-contained dwelling units larger than 312 sq.ft. would be eligible for a 50% reduction of DCCs.	The 60 dormitory-style units under 312 sq.ft. and the 40 self-contained dwelling units larger than 312 sq.ft. would be eligible for a 100% waiver of DCCs.

metrovancouver
SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Laurel Cowan, Division Manager, Regional Planning Land Use Policy and Planning

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions**

RECOMMENDATION

That the MVRD Board endorse the scope of work as presented in the report dated February 5, 2025, titled "Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions."

EXECUTIVE SUMMARY

In January 2025, the Finance Committee and MVRD Board endorsed a scope of work for five related projects to review and update the Metro Vancouver Development Cost Charge (DCC) program (Attachment 1). This report provides further detail on the proposed scope of work for Project 2, to review and update categories and definitions for DCCs, that will feed into Project 3 that will update DCC rate calculations based on new population and dwelling projections and updated capital costs of infrastructure.

Reviewing and updating DCC categories and definitions will help to better reflect current development trends and respond to changes in provincial housing legislation. This is prudent to consider challenging economic times and fiscal realities that could impact our long-range *Metro 2050* goals and objectives. This work will outline options for industry engagement and Board consideration to confirm categories in advance of the financial analysis work to ensure that policy values and priorities are embedded from the start.

PURPOSE

To seek endorsement from the Finance Committee and MVRD Board on the proposed scope to review and update DCC categories and definitions, as part of the larger DCC workplan of five projects to review and update Metro Vancouver's DCC program.

BACKGROUND

The *Metro Vancouver Board Strategic Plan (2022 – 2026)* prioritizes the need to "regularly update development cost charges (DCCs) following best practices to ensure that growth pays for growth while supporting housing development." In January 2025, the Finance Committee and MVRD Board endorsed a broader scope of five projects to update the DCC program, including:

1. Consider expanding Metro Vancouver's affordable housing DCC waiver program to include below market units developed by the private sector where there is a binding commitment to transfer those units to non-profits to operate;

2. Update residential and non-residential definitions in Metro Vancouver's DCC bylaws to ensure that Metro Vancouver's DCC program accounts for new provincial housing legislation and reflects *Metro 2050* objectives;
3. Update Metro Vancouver's DCC rate calculations to reflect new population and dwelling projections and updated capital costs of Metro Vancouver infrastructure;
4. Explore coordinated regional economic analysis to assess the impacts of regional and local development fees; and
5. Work with developers, member jurisdictions and the provincial government to explore ways to mitigate the impact of DCCs on residential development, such as extended in-stream protection and the timing of DCC collection (Attachment 1).

Other factors related to the need for Project 2, to explore DCC categories and definitions include:

- The need to consider how provincial housing legislation will impact DCC rates, particularly for single detached lots which can now accommodate significantly more density;
- Direction from the MVRD Board, provincial and federal governments to explore adjustments to the DCC program to ensure it supports the delivery of purpose-built rental housing;
- Engagement with industry, such as the agricultural community, who have expressed concern about the application of non-residential DCC charges to greenhouse development, and a need to consider intensive agricultural development in a different way to ensure fair and feasible charges; and
- The opportunity to improve alignment with *Metro 2050* growth management and housing objectives.

This report further outlines the scope for Project 2 for Committee and Board consideration.

DRIVING FACTORS FOR PROPOSED SCOPE

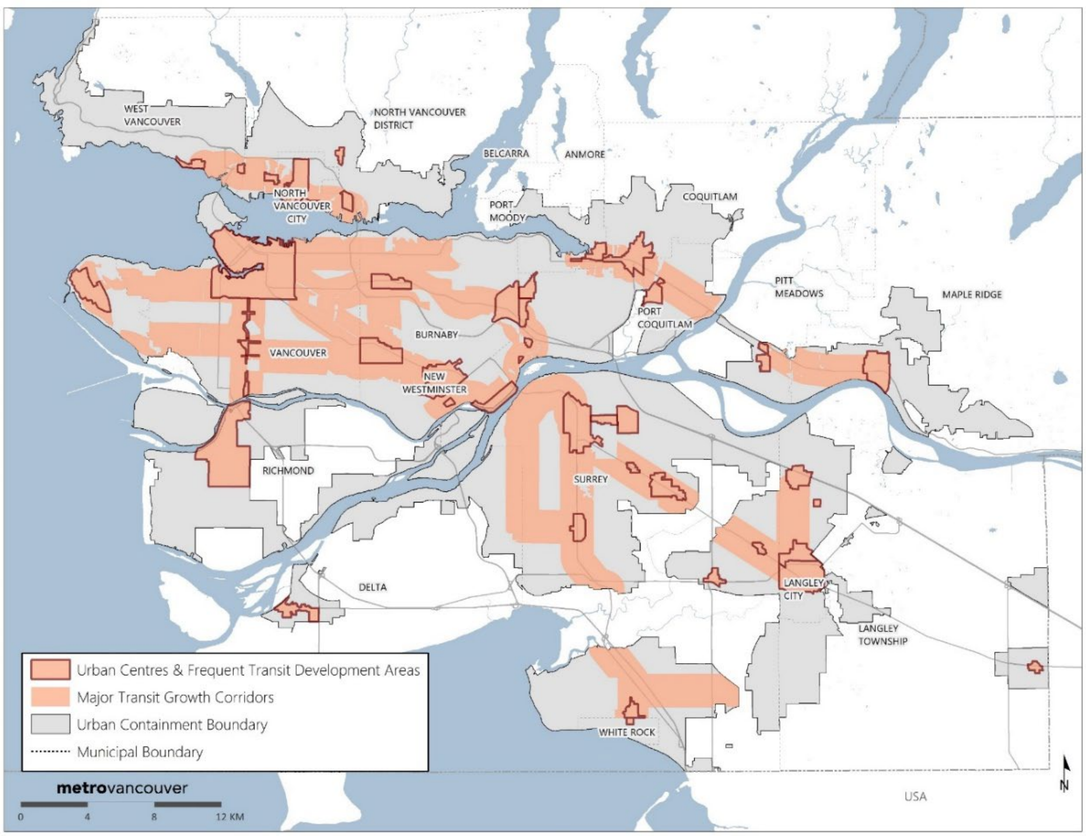
Provincial Housing Legislation for Single Detached Lots

In addition to the Board direction to continually review and update the DCC program based on best practices, there have been significant changes to provincial legislation that alter some of the underlying assumptions of Metro Vancouver's DCC program. Beginning in 2023, the Province introduced new housing legislation. Most relevant for this work is Bill 44, the Small-Scale Multi-Unit Housing (SSMUH) legislation that requires most local governments to update their Zoning Bylaws to permit 3-6 units per lot (depending on lot size and proximity to transit). With potential for much greater residential growth and density in locations where growth was not previously planned, the demand for regional and local infrastructure will increase. Currently, for single-detached homes regional DCCs are charged per lot (e.g., one charge per lot with no additional charges for secondary suites or laneway homes), whereas for townhouse and apartment dwellings regional DCCs are charged per unit. Given that lots previously intended for single detached homes can now be developed at much higher densities, Metro Vancouver needs to revise definitions in its DCC bylaws to collect more uniformly the costs of anticipated infrastructure from all anticipated dwelling types.

Rental Residential
The Board has directed staff, and the provincial and federal governments have expressed interest, to explore adjustments to the DCC program to ensure that it supports the delivery of purpose-built rental buildings. The *Local Government Act* permits DCC Bylaws to consider waiving or reducing rates for specific types of development, including for-profit affordable rental housing. As a first step, this scope of work will explore the possibility of adding a dwelling unit type for purpose-built rental housing to the DCC bylaw that would allow for the consideration of reduced rates, should it be financially feasible, through economic analysis in Project 3.

Non-Residential Use Categories
Metro Vancouver's DCC bylaw currently only provide a single category for 'non-residential uses', which capture a wide range of industrial, commercial, office, and institutional uses, as well as intensive agriculture (such as greenhouses). To ensure that rates are being appropriately charged for varying land uses, Metro Vancouver aims to explore sub-categories to better capture demand for infrastructure based on use.

Figure 1: *Metro 2050* Targeted Growth Areas



Integrating *Metro 2050* Objectives through Area-Specific Charges
To further integrate objectives of *Metro 2050* into regional DCCs and acknowledge that infrastructure costs are generally lower in higher density infill areas, this scope could explore the potential for geographic-based rates that encourage growth in key growth areas outlined in the

regional growth strategy. ***The overall DCC revenue stream would remain intact***. The provincial *Development Cost Charge Best Practice Guide* outlines how to interpret the *Local Government Act* DCC provisions, and notes "when the circumstances within a certain area (such as projected new development units or the capital cost requirements) deviate significantly from the average condition, consideration should be given to an area-specific charge". This could, for example, include different categories (and ultimately different rates) for areas where growth is targeted in *Metro 2050*, such as Urban Centres, Frequent Transit Development Areas, and Major Transit Growth Corridors as outlined in Figure 1.

PROPOSED SCOPE OF WORK

1. **Best Practice & Current State Review:** Assess existing resources and conduct best practice review of DCC policy frameworks and approaches from various jurisdictions within the region and beyond. Compile a matrix of Metro Vancouver member jurisdiction and TransLink DCCs (e.g., categories, types of charges, rates, area-specific charges).

2. **Assessment of Options:**

   a) Residential Categories: Outline various approaches, trade-offs, and implications for residential DCC categories, particularly in consideration of new multiplex legislation. This would include an assessment of:
      i. Category: By density gradient (e.g., low/medium/high density based on units per hectare) vs. land use category (eg., single detached, townhome, apartment)
      ii. Units for Charges: By unit vs. floor area
      iii. Tenure: Separate category for purpose-built rental housing
      iv. Other considerations as relevant
      v. Implications for updating the DCC framework
      vi. Drafting new definitions for the DCC bylaw as required

   b) Non-Residential Categories: Outline various approaches, trade-offs, and implications for non-residential DCC categories. This will include an assessment of:
      i. Category: Consideration of sub-categories such as industrial, commercial, institutional, and intensive agricultural
      ii. Units for Charges: By lot area vs. floor area
      iii. Other considerations as relevant
      iv. Implications for updating the DCC framework
      v. Drafting new definitions for the DCC bylaw as required

   c) Area-Specific Categories: Outline various approaches, trade-offs, and implications for area-specific DCC categories. This will include an assessment of:
      i. Potential geographic areas linked to targeted growth and/or more efficient infrastructure usage
      ii. Implications for different areas of the region
      iii. Implementation considerations (e.g., complexity and administration)
      iv. Other considerations as relevant
      v. Implications for updating the DCC framework
      vi. Drafting new definitions for the DCC bylaw as required

d) **Options Summary:** A compilation of options that will be used to guide engagement.

3. **Engagement:** Policy options will be brought for Committee and Board engagement in workshop format to receive feedback and guidance. Additional engagement will be undertaken with member jurisdiction staff involved in DCC administration, as well as a broad range of industry stakeholders, including those involved in the development and planning of small-scale and multi-family residential, commercial, industrial, institutional, and intensive agricultural uses.

4. **Final Recommendations and Next Steps:** Following engagement, staff will return to Committee and Board with proposed recommendations for consideration and approval. If endorsed, new categories and definitions will be used in Project 3, to update the DCC program rates based on new population and dwelling projections and capital program infrastructure costs. Project 2 work will be completed in early 2026 to feed into the budget process for 2027 and beyond.

ALTERNATIVES

1. That the MVRD Board endorse the scope of work as presented in the report dated February 5, 2025, titled **“**Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions”.
2. That the MVRD Board endorse the scope of work as presented in the report dated February 5, 2025, titled “Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions” with additions or changes as proposed by the Finance Committee.
3. That the Finance Committee receive for information the report dated February 5, 2025, titled “Development Cost Charge Work Program Update – Proposed Scope of Work for Project 2: DCC Categories and Definitions”.

FINANCIAL IMPLICATIONS

This work is to be undertaken through a combination of consultant and in-house resources. A consulting budget of up to $50,000 is included in Regional Planning’s work program, which was approved in the 2025 budget, and will be used to undertake best practice research, guide policy analysis, and produce a summary report of options and implications.

CONCLUSION

In response to Board direction, engagement with developers, and the evolving context of provincial and federal initiatives, Metro Vancouver staff are undertaking a scope of work for five related projects to review and update the Metro Vancouver DCC program (Attachment 1). This report outlines the proposed scope of work for one of these projects (Project 2) – to review and update categories and definitions for DCCs to respond to Provincial housing legislation and other drivers.

This scope of work outlines a process to explore options for DCC categories for feedback from industry stakeholders, member jurisdictions, and the Committee and Board. This work will set the stage for a subsequent project (Project 3) to review and update DCC rates based on the latest population and dwelling projections and capital program for Metro Vancouver infrastructure. Staff recommend Alternative 1, to endorse the scope of work.

ATTACHMENTS

1. "Development Cost Charge Work Program – Proposed Scope of Work for 2025-2027", dated, December 20, 2024.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
Harji Varn, Chief Financial Officer

Date: December 20, 2024 Meeting Date: January 16, 2025

Subject: **Development Cost Charge Program – Proposed Scope of Work for 2025-2027**

RECOMMENDATION
That the MVRD Board endorse the scope of work as presented in the report dated December 20, 2024, titled "Development Cost Charge Program – Proposed Scope of Work for 2025-2027."

EXECUTIVE SUMMARY
In response to Board direction, engagement with developers, updated population and dwelling projections, and the evolving context of provincial and federal initiatives, Metro Vancouver staff propose a scope of work to review and update the Metro Vancouver DCC program. This report outlines, for Committee and Board review and feedback, the proposed scope of work which includes five projects:

1. Consider expanding Metro Vancouver's affordable housing DCC waiver program to include below market units developed by the private sector where there is a binding commitment to transfer those units to non-profits to operate;
2. Update residential and non-residential definitions in Metro Vancouver's DCC bylaws to ensure that Metro Vancouver's DCC program accounts for new provincial housing legislation and reflects *Metro 2050* objectives;
3. Update Metro Vancouver's DCC rate calculations to reflect new population and dwelling projections and updated capital costs of Metro Vancouver infrastructure;
4. Explore coordinated regional economic analysis to assess the impacts of regional and local development fees; and
5. Work with developers, member jurisdictions and the provincial government to explore ways to mitigate the impact of DCCs on residential development, such as extended in-stream protection and the timing of DCC collection.

If approved, this scope of work will be a key input into the completion of the Metro Vancouver Long Range Financial Plan.

PURPOSE
To seek endorsement from the Finance Committee and MVRD Board on the proposed workplan to review and update Metro Vancouver's DCC program.

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BACKGROUND

The *Metro Vancouver Board Strategic Plan (2022 – 2026)* prioritizes the need to "regularly update development cost charges (DCCs) following best practices to ensure that growth pays for growth while supporting housing development." In 2023, the Metro Vancouver Boards approved a phased introduction of DCCs for Water and Parks, along with revised rates for Liquid Waste, moving to a 1% assist factor to recognize the need for new growth to pay for the infrastructure needed to support that growth. In addition to approving new Development Cost Charge rates, the MVRD Board adopted the following motion at the October 27th, 2023 MVRD Board meeting:

> *direct staff to conduct annual reviews of a) the DCC bylaws, including economic impact analysis, and b) the DCC waiver program with the aim of supporting rental housing and incentivizing affordable housing, and report results to the Board, who after review would forward the updates to the Provincial and Federal Ministers of Housing.*

In October 2024, the Metro Vancouver Boards met to discuss the 2025–2029 Financial Plan, including an overview of Metro Vancouver's DCC program. The Boards considered an updated economic analysis of Metro Vancouver's new DCC rates. The Boards discussed the challenges of balancing household impact on existing property owners with the need to increase overall revenue to pay for infrastructure associated with population growth, and reconfirmed the decision that growth pay for growth, while also acknowledging that ongoing analysis is needed to ensure that regional DCCs do not constrain housing development in the region.

Other factors leading to the ongoing and concerted work to update Metro Vancouver's DCC program include:

- Results of 2024 Economic Analysis of Metro Vancouver's DCC program that demonstrated that the cost of developing some types of housing in some locations are likely to increase 1-3% as a result of Metro Vancouver's DCCs;
- Engagement with development community who have expressed concern about the overall increases of development charges throughout the region, and a need to lengthen in-stream protection and change the timing of collection;
- Engagement with staff advisory committees including the Regional Administrators, Regional Finance, and Regional Planning Advisory Committees;
- Updated population and dwelling unit projections that must be taken into account when calculating Metro Vancouver's DCC rates, including consideration of how provincial housing legislation and housing targets will impact those projections;
- The opportunity to improve alignment with *Metro 2050* growth management and housing objectives; and
- Finance Committee direction regarding Director Kooner's November 2024 memo with questions about Metro Vancouver's DCC program.

As a result, staff propose a scope of work related to Metro Vancouver's DCC program. This report outlines the proposed scope of work for Committee and Board consideration.

ADDITIONAL CONTEXT

In addition to the Board direction to continually review and update the DCC program based on best practices, there have been significant changes to provincial legislation that alter some of the underlying assumptions of Metro Vancouver's DCC program. Beginning in 2023, the Province introduced new housing legislation (Bills 44, 46. 47) to speed up the delivery of housing, support higher densities, and shift development financing tools for municipalities. While these new initiatives have been implemented to help support the delivery of more diverse housing options, they have also raised some challenges in the context of growth management and infrastructure funding. Metro Vancouver and member jurisdictions have limited tools to raise revenue. As a result there is insufficient funding to pay for infrastructure required to support the population growth that will result from provincial housing targets.

Bill 44, the Small-Scale Multi-Unit Housing (SSMUH) legislation requires most local governments to update their Zoning Bylaws to permit 3-6 units per lot (depending on lot size and proximity to transit). With potential for much greater residential growth and density in locations where growth was not previously planned, the demand for infrastructure will likely increase. Currently, for single-detached homes regional DCCs are charged per lot (e.g., one charge per lot), whereas for townhouse and apartment dwellings regional DCCs are charged per unit. Given that lots previously intended for single detached homes can now be developed at much higher densities, Metro Vancouver needs to revise definitions in its DCC bylaws to collect more uniformly the costs of anticipated infrastructure from all anticipated dwelling types.

Further, Metro Vancouver's DCC bylaw currently only provide a single category for 'non-residential uses', which capture a wide range of industrial, commercial, office, and institutional uses. To ensure that rates are being appropriately charged for varying land uses, Metro Vancouver aims to explore sub-categories to better capture demand for infrastructure based on use. Updating the DCC program will provide opportunities to align with current forms.

PROPOSED SCOPE OF WORK

The following outlines a series of projects related to reviewing and updating Metro Vancouver's DCC program:

1. **Consider Expanding the Affordable Housing DCC Waiver:** Consider expanding Metro Vancouver's affordable housing DCC waiver program to include units developed by the private sector where there is a binding commitment to transfer those units to non-profits to operate. Analysis on this work has been completed and policy recommendations will be brought for Board consideration in early 2025.

2. **Update Residential and Non-Residential Definitions:** Conduct an analysis and best practice review of policy approaches to DCCs to address new provincial housing legislation and better link Metro Vancouver DCC program with the principles of *Metro 2050*. This will include updating residential definitions (to properly account for multi-plex development), and exploring the addition of a purpose-built rental category, additional categories of "non-residential uses" to account for differences in infrastructure demand and use, and the potential for geographic based rates to support growth in growth priority areas. This scope

will involve ongoing engagement of industry sectors and member jurisdictions, with policy options brought forward for Committee and Board discussion and consideration in 2025.

3. **Update DCC Program for 2027:** Starting in early 2025 in preparation for the 2027 budget, staff will integrate updated population and dwelling unit projections into Metro Vancouver's capital program which will likely modify the percentage of projects allocated to growth, and subsequently Metro Vancouver's DCC program. Updated housing type and non-residential definitions will be integrated into this work. Scope of this project could include variable DCC rates for purpose built rental housing. This scope will involve significant engagement with the Metro Vancouver Boards, Committees, and Advisory Committees as well as member jurisdictions, the Province, and various industry sectors and stakeholders in 2025, 2026 and 2027.

4. **Undertake Region-wide Economic Analysis:** In collaboration with member jurisdictions and the development community, Metro Vancouver will seek to institute regular, region-wide economic analysis of local and regional development charges, including integration with other macro-economic factors. Such regular analysis, using a consistent methodology to assess the impact of development fees at a regional and local level, would not only support Metro Vancouver, but could also support member jurisdictions with their understanding of the financial and cumulative economic impact of regional and local DCC programs.

5. **Explore Options to Mitigate the Impact of DCCs on the Development Industry:** Metro Vancouver will continue to collaborate with the development industry, member jurisdictions and the Province to explore options to mitigate any potential impacts of the DCC program on residential development, such as extended in-stream protection and the timing of DCC collection.

ALTERNATIVES

1. That the MVRD Board endorse the scope of work as presented in the report dated December 20, 2024, titled "Development Cost Charge Program – Proposed Scope of Work for 2025-2027."
2. That the MVRD Board endorse the scope of work as presented in the report dated December 20, 2024, titled "Development Cost Charge Program – Proposed Scope of Work for 2025-2027" with additions or changes as proposed by the Finance Committee.
3. That the Finance Committee receive for information the report dated December 20, 2024, titled "Development Cost Charge Program – Proposed Scope of Work for 2025-2027".

FINANCIAL IMPLICATIONS

This work is to be undertaken through a combination of consultants and in-house resources. A consulting budget of up to $50,000 for the project titled 'Update Residential and Non-Residential Definitions' is included in Regional Planning's work program, which was approved in the 2025 budget. In addition, the Financial Services Department has allocated $100,000 for economic analysis related to the scope of work described above.

CONCLUSION

In response to Board direction, engagement with developers, and the evolving context of provincial and federal initiatives, Metro Vancouver staff propose a scope of work to review and update the Metro Vancouver DCC program. This report outlines the proposed scope of work for Committee and Board review and feedback. The proposed work program will include significant engagement with the Metro Vancouver Boards, Standing Committees, and Advisory Committees as well as member jurisdictions, the Province, and various industry sectors and stakeholders, with policy options brought forward for further Committee and Board discussion and consideration. Staff recommend Alternative 1, to endorse the scope of work.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Heather McNell, Deputy Chief Administrative Officer, Policy and Planning

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Consideration of a Development Cost Charge Reduction for Intensive Agriculture**

RECOMMENDATION

That the GVWD/GVS&DD/MVRD Board direct staff to advance work to analyze and propose a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

EXECUTIVE SUMMARY

This report outlines a proposed approach to address concerns raised by the agriculture industry about the impacts of Metro Vancouver Development Cost Charges (DCCs) on Intensive Agriculture. Metro Vancouver's DCC framework currently only has one non-residential rate, which may not be suitable for Intensive Agriculture developments given the small demand on infrastructure relative to their size of buildable area. There are four member jurisdictions that have an Intensive Agriculture rate for municipal DCCs, and these are relatively lower in comparison to the other non-residential categories.

In January 2025, a DCC work plan was endorsed by the Finance Committee that includes an update to residential and non-residential definitions, including consideration of Intensive Agriculture developments, for the next regional DCC bylaw update in 2027. As an interim measure, this report is seeking direction to develop a reduced DCC rate for Intensive Agriculture developments that meet criteria for low environmental impact. This could be achieved through a DCC reduction bylaw, which is permitted through the *Local Government Act*. If approved, staff will provide further analysis and draft a DCC reduction bylaw for Committee and Board discussion for approval Spring 2025.

PURPOSE

To seek Finance Committee and GVWD/GVS&DD/MVRD Board direction to undertake further analysis to develop a DCC reduction for Intensive Agricultural developments that have a low environmental impact and bring this back for Committee and Board consideration.

BACKGROUND

In November 2024, Metro Vancouver met with agriculture industry representatives including Metro Vancouver's Agricultural Advisory Committee and the Greenhouse Growers Association over their concerns regarding the impacts of Metro Vancouver's DCC costs on Intensive Agriculture developments. Intensive Agriculture refers to development such as greenhouses, retail nurseries, manufacturing and processing plants for agriculture related products, facilities used for intensive livestock purposes, and commercial businesses located within agricultural zones. Representatives expressed gratitude for the meetings, but were disappointed to have not been consulted during the development of the DCC rate update last year, noting the new DCC rates are significantly impacting the viability of agricultural development in the region. Metro Vancouver staff committed to addressing any unforeseen implications of the DCC program as soon as possible. This report provides an overview of the proposed short- and long-term solutions to address Intensive Agriculture through Metro Vancouver's DCC waiver/reduction bylaw and DCC program update.

ADDITIONAL CONTEXT

Metro Vancouver DCC Program Update

In January 2025, the Finance Committee endorsed a workplan to review and update Metro Vancouver's DCC program. This includes work in 2025 to review DCC rate categories, analyze differences in infrastructure demand and use, and propose updates to DCC rates based on new categories as well as new population projections and capital program costs. This work would inform the 2026 budget process to implement changes to the DCC program in 2027, with new rates taking effect in 2028. This work will provide a long-term solution to develop fair DCC rates for Intensive Agriculture development in the region that adequately captures the costs of infrastructure demand for this type of development. As an interim measure, Metro Vancouver staff propose an update to the DCC Waiver/Reduction Bylaw to provide a reduction for Intensive Agriculture development that has a low environmental impact. This will help to address the immediate needs of the agricultural sector for Intensive Agriculture developments that are not already exempt from regional DCCs (e.g., developments that have some impact on water or sewer infrastructure).

DCC Considerations for Intensive Agriculture

In conversations with Metro Vancouver, the agricultural industry has raised concerns around how Metro Vancouver's non-residential DCC rate is broadly applied to all commercial activity while the impact on growth infrastructure from agricultural uses can vary greatly. This variation is amplified based on the particulars of agricultural structures, such as greenhouses or nurseries that cover a large area of land and primarily use rainwater collection for operations, which do not use a commensurate amount of water as would other non-agricultural developments of a similar size. The regional DCC rate per square foot is currently based on an average of all non-residential groups which does not appropriately capture Intensive Agriculture's impact on infrastructure. This is resulting in a significant financial impact on new/expanded greenhouses to the point that this DCC rate could prevent intensive agricultural development within the region. As one of the key strategies in *Metro 2050* is to protect and strengthen agricultural viability, it is important to address this unintended consequence of the regional DCC program in the immediate term (through expanding the waiver/reduction bylaw), and to find an appropriate long-term solution and appropriate rate through the review and update of the DCC program.

In addition, the employment projections used for developing the Metro Vancouver non-residential rate did not include agriculture, and Metro Vancouver Water Services estimates that agriculture comprises a small percentage of projected growth for non-residential uses. More data is needed to quantify the impact of Intensive Agriculture on growth infrastructure, and this work will be completed as part of the DCC Program update, in addition to further refining non-residential categories and definitions. Given that any update to the regional DCC bylaw will require review by the Provincial Inspector, this is a lengthy process and is best addressed through the comprehensive update in 2027.

In the meantime, an interim solution is needed to address Intensive Agriculture developments that occur before the new DCC rates are implemented in 2028.

Interim Solution: Expand the DCC Waiver/Reduction Bylaw to Include Intensive Agriculture with Low Environmental Impact

The *Local Government Act* outlines two situations where DCCs may not apply or fully apply: exemptions and waivers/reductions. DCC exemptions can apply in specific circumstances. For example, when a development does not impact or add an additional burden on infrastructure, or a building permit value is below $50,000. Metro Vancouver was able to work with one Intensive Agriculture applicant who was able to prove, with a Qualified Professional report, that the proposed greenhouse development would not place an additional burden on infrastructure as all water used was from collected rainwater and was therefore exempt from regional DCCs. However, for future applications that may have some impact on infrastructure, it is important for Metro Vancouver to have a solution to ensure that the viability of agricultural development is not impacted before the DCC Bylaw is updated in 2027. This could be done in the interim through a partial waiver/reduction.

Waivers/reductions are permitted, pursuant to a waiver/reduction bylaw, only for developments that are not-for-profit rental housing, for-profit affordable rental housing, or designed with a low environmental impact. The only applicable category for Intensive Agriculture would be for developments designed with a low environmental impact. To create a reduced DCC for Intensive Agriculture developments that have a low environmental impact, staff would need to establish the following as per the *Local Government Act* section 563:

- a definition of what constitutes an eligible Intensive Agriculture development or class of eligible developments;
- the requirements or criteria to be met (such as lower water use measures); and
- the reduced rate (e.g., amount or percentage of DCC fees to be waived).

Staff propose to work with member jurisdictions with Intensive Agriculture developments, and to analyze potential impacts to regional infrastructure, to develop these criteria and bring back a proposed DCC waiver/reduction bylaw for Committee and Board consideration in Q2 of 2025.

ALTERNATIVES

1. That the GVWD/GVS&DD/MVRD Board direct staff to develop a Development Cost Charge reduction for Intensive Agricultural developments that have a low environmental impact for Board consideration.

2. That the Finance Committee receive for information the report dated February 5, 2025, titled “Consideration of a Development Cost Charge Reduction for Intensive Agriculture.”

FINANCIAL IMPLICATIONS

In the Metro Vancouver region there are four municipalities that have a specific Intensive Agriculture DCC rate; Richmond, Surrey, Delta and Pitt Meadows, and rates range from $0 to $9.24 per square metre based on 2025 rates. Metro Vancouver’s non-residential rate for water and parks combined is $59.63 per square metre based on 2025 rates, which would encompass Intensive Agriculture developments. Further, over the past 5 years, the number of building permits under this category can range from zero to over 4 per year with a development size range of just over 150 square meters of buildable area to over 101,000 square meters of gross floor area. This indicates significant variability in Intensive Agriculture developments, which creates difficulty in assessing future foregone DCC revenues and financial implications.

Should the Board choose alternative one, further analysis is required to determine the criteria and the applicable DCC rate for Intensive Agriculture development that would be eligible for a DCC reduction. Further analysis of financial implications will be provided should the Board direct staff to pursue the development of DCC partial waiver/reduction for Intensive Agriculture development.

CONCLUSION

Metro Vancouver has met with agricultural industry representatives over their concerns regarding the impacts of Metro Vancouver’s DCC costs on Intensive Agricultural developments (such as greenhouses) who noted the current rates are threatening the viability of agricultural development in the region. While Metro Vancouver is undertaking a work plan to update its DCC program, the changes will not take effect until 2028. In the meantime, an interim solution is proposed for Board consideration. Staff propose undertaking further analysis to develop criteria for a DCC partial waiver/reduction for Intensive Agriculture developments that can be shown to have a low environmental impact, that is, a low impact in terms of water use. Staff recommend Alternative 1 to direct staff to undertake the work to develop a DCC reduction for Intensive Agriculture for Board consideration.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To:	Finance Committee
From:	Sonu Kailley, Director Financial Planning, Financial Services Lucy Duso, Division Manager Engagement & Collaboration, External Relations
Date:	February 5, 2025 — Meeting Date: February 13, 2025
Subject:	**2026 Budget: Public Engagement Approach**

RECOMMENDATION
That the MVRD Board receive for information the report dated February 5, 2025 titled "2026 Budget: Public Engagement Approach.

EXECUTIVE SUMMARY
This report outlines the approach to public engagement to support the creation of Metro Vancouver's 2026 Budget and Five-Year Financial Plan. The objectives of this engagement include sharing information about costs and revenues for Metro Vancouver services, providing information about how to provide input on key priorities, and collecting and synthesizing that input. Engagement will take place starting in February in response to feedback from the MVRD Board, that they would like to hear input from residents earlier in the budget process to help inform their decision making when setting the direction for the annual budget. Engagement will start with an online survey that will close at the end of March. A summary will be provided to the Board in April to support setting the direction for the 2026 Budget and Five-Year Financial Plan. The public will be able to continue to provide comments on the budgeting process throughout the year.

In addition to public engagement, there are scheduled opportunities for the Board, Finance Committee, and member jurisdiction staff to provide further input into the development and revisions to the draft 2026 budget and the next Five-Year Financial Plan.

PURPOSE
This report provides an overview of public engagement related to the creation of the 2026 budget and Five-Year Financial Plan.

BACKGROUND
In 2024, the MVRD Board expressed interest in increasing education on Metro Vancouver's budget and creating opportunities for residents to provide input through a public engagement period. Through the 2025 budgeting process (implemented in 2024), the Board also expressed interest in hearing input from residents earlier in the year to help inform their decision making. The objectives of this engagement include: sharing information about costs and revenues for Metro Vancouver services, providing information about how to provide input on key priorities, and collecting and synthesizing that input. The information sharing will include digestible content for residents to learn more about Metro Vancouver's services, what residents receive for their contribution to Metro Vancouver, and how Metro Vancouver's fees are integrated into property taxes and utility bills.

APPROACH TO PUBLIC ENGAGEMENT

The public in this engagement program refers to interested residents as well as businesses and organizations who may wish to provide input on the 2026 budget.

Metro Vancouver will open a six-week window, between late-February and end of March, during which information about the budgeting process will be promoted and residents will be encouraged to provide input. The promotions will be designed to reach residents across the region. Residents may provide input based on their own household experience or experience as a business or organizational leader. A summary of public input will be provided to the Board in April. In addition to the survey, the public will be welcome to learn more or provide comments through the budget webpage on the Metro Vancouver website, which will remain available throughout the year.

Tactics

Tactics will include: updating public communication materials (video, web content, backgrounder, and infographics) introduced in the 2025 budget engagement, promoting the critical dates in the budget development and the opportunities to provide input, and gathering input to provide to decision-makers to consider as the budget is developed. Promotions will include paid video promotions, online promotions, social media, corporate newsletters, media relations, and a request to members to amplify the engagement through their existing channels. Input will be gathered through a feedback form, email, and other correspondence.

Measures

In 2024 with these promotions the budget engagement program registered nearly 300,000 views of the budget video, over 28,000 visits to the website, and 400 feedback forms. In 2025, we will aim to exceed the previous year’s engagement numbers.

Timeline

- Late February - launch public engagement period and open survey period
- March 30 - close survey engagement period
- Early April - prepare an engagement summary for the Board
- April - report to Finance Committee and Board
- May - October - information and comment opportunity remain available on budget website

Potential Additional Engagement

Should the Board decide through the budgeting process that additional public engagement is required to help inform their decision making on the budget, staff will design a second phase of engagement.

ALTERNATIVES

There are no alternatives provided.

FINANCIAL IMPLICATIONS

Any costs associated with the promotions for this engagement are within the existing 2025 Metro Vancouver budget.

CONCLUSION

From mid-February to end of March, 2025, Metro Vancouver will conduct public engagement related to the 2026 Budget and Five-Year Financial Plan, with a comment period and survey opportunity. The timing of the engagement program fulfills a request from the Board in 2024 to hear input from residents earlier in the budget process to help inform their decision making. There will be scheduled opportunities for the Board, Finance Committee, and member jurisdiction staff to provide input to the budget and Five-Year Financial Plan. In addition to the formal engagement period in February and March, the public will be welcome to learn more or provide input to the organization at any time through the budget webpage. Should additional engagement be deemed appropriate, staff will design additional engagement opportunities.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Jean Lawson, Program Manager Intergovernmental Relations
Harji Varn, Chief Financial Officer/General Manager, Financial Services

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Funding from the Canada Housing Infrastructure Fund**

RECOMMENDATION
That the GVWD/GVS&DD/MVRD Board receive for information the report dated February 5, 2025, titled "Funding from the Canada Housing Infrastructure Fund".

EXECUTIVE SUMMARY
Metro Vancouver has the opportunity to apply for funding through the Canada Housing Infrastructure Fund (CHIF) direct delivery stream, which could result in $250 million in federal funding through the provincial stream for the Iona Island Wastewater Treatment Plant projects (Iona projects). The federal government designated funding to the Iona projects in the 2024 Fall Economic Statement; however, this contribution, starting in 2025–2026, is subject to Metro Vancouver meeting the conditions of the fund. To do this, Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which requires changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

If in-stream protection were to be extended by an additional 12 months, the estimated foregone DCC revenue for Metro Vancouver is estimated to be $220 million, which would be roughly offset by the $250 million grant for the Iona projects. In addition to potentially satisfying the CHIF requirements, the proposed extension of the in-stream protection also responds to the concerns of the development community regarding the impact of DCCs. The federal government has not yet determined if Metro Vancouver's proposed measures will be accepted. In addition, the federal government's approval for these measures is directly linked to member municipalities' ability to apply for CHIF. Staff will report back as soon as there is further clarity.

PURPOSE
To inform the GVS&DD / GVWD / MVRD Board regarding opportunities to pursue funding from the Canada Housing Infrastructure Fund and subsequently requesting a lengthening of the in-stream protection period to a maximum of 24 months.

BACKGROUND
In April 2024, the federal government established the Canada Housing Infrastructure Fund (CHIF) that supports the construction and upgrade of water, wastewater, stormwater and solid waste infrastructure. The fund is being delivered via two streams: $1 billion through the direct delivery

stream, and $5 billion through bilateral agreements with the provinces/territories. For the $5 billion provincial/territorial stream of the fund, British Columbia is being allocated $590.7 million over the next 10 years.

Provincial Stream
In December, the federal government specified in the 2024 Fall Economic Statement that $250 million in funding will be dedicated to the Iona Island Wastewater Treatment Plant through the provincial stream of CHIF, subject to the conditions of the fund. The provincial government has been negotiating the terms of this agreement, but it has not yet been finalized. Metro Vancouver will likely be required to lengthen the existing in-stream protection for its Development Cost Charge (DCC) program from 12 months to 24 months, which would necessitate changes to provincial legislation. Metro Vancouver may also be expected to expand its affordable housing waiver framework to include inclusionary units provided by the private sector and turned over to not-for-profit housing providers to operate.

Direct Delivery Stream
To be eligible to receive funding through the direct delivery stream, municipalities and regional governments are required to adopt two conditions:

1. Adopt zoning for "four units as-of-right" per lot in all low-density residential areas with municipal servicing (i.e., water and sewer) in communities with populations greater than 30,000; and
2. Implement a three-year freeze on increasing development charges above the rates that were in effect as of April 2, 2024 (when CHIF was initially announced) in municipalities or regional governments with populations greater than 300,000, according to Statistics Canada.

Therefore, the federal government has tied regional districts' DCCs to municipalities' ability to apply for CHIF. However, on a case by-case basis, the federal government may take into consideration alternative measures adopted to reduce the cost of construction of new homes and encourage developers to build more homes. Metro Vancouver has proposed lengthening the in-stream protection period for the DCC program from 12 months (currently permitted provincially) to 18 or 24 months, subject to Board approval, to fulfil the requirements of this program and make eligible both Metro Vancouver and its member municipalities for funding. The federal government has not yet provided a response determining Metro Vancouver's eligibility.

The application period for this program closes on March 31, 2025.

Funding Eligibility and Required Changes
Metro Vancouver has been working closely with member jurisdictions, the development community and the Province of British Columbia to explore lengthening the in-stream protection period for the DCC program from 12 months (currently permitted provincially) to 18 or 24 months. If implemented, the estimated foregone DCC revenue could range from $70 million to $220 million, which is based on Regional Planning's dwelling unit projections and Metro Vancouver's DCC rates as per the 3 year phase-in. The foregone revenue, under the current financial framework would need to come from existing ratepayers if CHIF funding or other third-party funding is not received.

In addition, the Province of BC would need to make a legislative change in the *Local Government Act* to adjust the in-stream projection. To meet the timeline of the end of Metro Vancouver's current in-stream protection, the provincial government would need to pass enabling legislation within the first two weeks of parliament reconvening this spring.

If Metro Vancouver accepts the terms of this program, once finalized, and lengthens the in-stream protection period for its DCC program, Metro Vancouver's member municipalities with a population of under 300,000 would become eligible to apply for funding through CHIF.

Staff will report back as soon as more information is available.

ALTERNATIVES

As this is an information report, no alternatives are provided. Given that there are many uncertainties and interdependencies for CHIF right now, staff wanted to provide an update to the Board and an opportunity to provide input or feedback on the opportunity.

FINANCIAL IMPLICATIONS

Metro Vancouver has modelled two scenarios, using regional planning data and the current DCC rate structure, with respect to extending the in-stream protection to 18 or 24 months, which includes the 12 months of existing in-stream protection. If implemented, the estimated foregone DCC revenue could range from $70 million to $220 million, which under the current financial framework would need to come from existing ratepayers if CHIF funding or other third-party funding is not received.

On an overall basis, the $250 million in funding dedicated to the Iona Wastewater Treatment Plant would roughly replace the overall $220 million in DCC foregone revenue. However, when examining the Sewerage Area implications, because the Iona projects, under the current cost apportionment bylaw is mostly allocated to the Vancouver Sewerage Area (VSA), the impact of the $250 million for the Iona projects would have more of an impact on VSA. Over the 2025-2029 Financial Plan, with the shift of revenue via DCCs to the federal funding for the Iona projects, Metro Vancouver could still achieve the overall HHI of 5%. However, by sewerage area, there would be a slight increase for the Fraser Sewerage Area (FSA) (at 0.1% - 0.6% increase) and other sewer areas (at most a 0.1% increase), offset with a decrease in VSA (0.1% - 0.9% HHI decrease).

The trade-off the Board will be asked to consider is accepting the $250 million for the Iona projects and in exchange, foregoing $220 million in DCC revenue, potentially expanding the DCC waiver program, and as a result, unlocking the ability of member municipalities to apply for CHIF.

CONCLUSION

This report provides information on the potential funding available through the Canada Housing Infrastructure Fund the subsequent changes the Metro Vancouver Board would need to make to the current DCC program. The implication is that the Federal Government would be providing $250 million for the Iona Wastewater Treatment Plant, however, it is estimated that Metro Vancouver would be forego between $70 million to $220 million in DCC revenues.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To: Finance Committee

From: Harji Varn, Chief Financial Officer/General Manager, Financial Services

Date: February 5, 2025 Meeting Date: February 13, 2025

Subject: **Responding to Director Kooner's November 12, 2024 Memo**

RECOMMENDATION
That the Finance Committee receive for information report titled "Responding to Director Kooner's November 12, 2024 Memo", dated February 5, 2025.

At the MVRD Board meeting January 31, 2025, the Board considered the attached report titled "Responding to Director Kooner's November 12, 2024 Memo", dated January 8, 2025, to bring it back to the next Finance Committee meeting agenda for discussion, including additional information on the following:

- An itemization of all cost components of the Iona Island and North Shore Wastewater Treatment Plant projects, clearly showing how each portion is allocated under Tier I, Tier II, or Tier III, including a rationale for any non-core or non-regulatory costs;
- Details on the assumptions and data underlying all population, dwelling unit, and growth projections—specifically explaining how they affect DCC rates, apportionments, and municipal contributions; and
- An accounting of all DCC revenues collected over the last two decades by sewerage area and clarifies how those funds have been spent or allocated, including any cross-subsidization among member jurisdictions.

Due to the comprehensive level of information required to respond to the above mentioned, staff will report back to the Finance Committee in upcoming meeting with itemization of all the cost components of the Iona and North Shore Waste Treatment Plant projects, details and assumptions/data that supported the DCC calculations, along with DCC revenue collected and applied per sewerage area over the last two decades.

ATTACHMENTS
1. "Responding to Director Kooner's November 12, 2024 Memo", dated, January 8, 2025.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

To:	Finance Committee
From:	Heather McNell, Deputy Chief Administrative Officer, Policy and Planning
Date:	January 8, 2025 — Meeting Date: January 16, 2025
Subject:	**Responding to Director Kooner's November 12, 2024 Memo**

RECOMMENDATION
That the MVRD Board receive for information the report dated January 8, 2025, titled "Responding to Director Kooner's November 12, 2024 Memo".

EXECUTIVE SUMMARY
This report responds to Director Kooner's November 12, 2024 memo to the Finance Committee, as directed by the Finance Committee. The report responds to concerns listed about capital projects, allocation of revenue from development cost charges, and governance; answers the seven questions in the memo; and outlines applicable existing Board policies where the Board may choose to focus future discussions.

PURPOSE
To provide the Finance Committee and MVRD Board information in response to Director Kooner's November 12, 2024 memo to the Finance Committee.

BACKGROUND
On November 13, 2024, the Finance Committee passed the following resolution:

> *that the Finance Committee refer to staff the Memo Re: Metro Vancouver Financial Concerns and Questions to report back at a future Finance Committee meeting.*

This report responds to that resolution. Staff from Financial Services, Liquid Waste Services, Project Delivery, Water Services, Regional Parks, External Relations, Regional Planning and Housing Services, and Air Quality and Climate Services have contributed to this report.

REPORT STRUCTURE
Director Kooner originally posed four questions about the 2025 budget and 2025–2029 financial plan at the October 16, 2024 Board meeting, and staff committed to respond to those questions via email to the Board; responses were sent on October 29, 2024 in advance of the November 1, 2024 Board meeting (Attachment 1). Director Kooner's memo dated November 12, 2024 identifies concerns regarding capital projects, allocation of revenue from DCCs, and governance and presents seven additional questions (Attachment 2).

The Board has committed to both a governance review and an independent performance audit for the North Shore Wastewater Treatment Plant Program. As a result, this report directs some of the concerns raised to these existing processes where appropriate, answers questions, and identifies a number of policy areas that the Board could choose to discuss at future meetings.

Capital Projects
Concern is expressed about the flow of information regarding multi-year capital projects for water and liquid waste services. This issue will be brought through the governance review.

There are the seven major projects being delivered through the Project Delivery Department. All projects use the Board-approved stage gate system to ensure oversight by the Board.

For the North Shore Wastewater Treatment Plant Program, over 40 reports were provided to the Board; the past Chair struck a task force that reviewed all aspects of the project; an external expert panel reviewed all decision points and provided input to the Board; and three independent cost estimates were developed to support the recommendation to the Task Force and Board.

The North Shore Wastewater Treatment Plant Program has a project website at www.metrovancouver.org/nswwtp, with a special page (North Shore Wastewater Treatment Plant Program Timeline | Metro Vancouver) that provides links to Board reports and decision points. The program backgrounder provides the information referenced in Director Kooner's memo (North Shore Wastewater Treatment Plant Project: Background Paper (metrovancouver.org).

Details and Board engagement for the Iona Wastewater Treatment Plant Projects are provided below in response to question 4.

DCC Allocation
Concern is expressed regarding the GVS&DD Cost Apportionment Bylaw (in terms of equity) and the decision to apply the same allocation of costs to the DCC framework. Concern is also expressed about the population and dwelling unit projections used.

A task force comprised of Regional Administrators Advisory Committee (RAAC) members, and led by Don Lidstone, was established to develop the Cost Allocation Bylaw. In 1993, the Metro Vancouver Board gave the task force principles to be used in establishing any allocation split. The work took two and a half years.

The GVS&DD Cost Apportionment Bylaw was established in 1995 (see Table 1). It introduced the 70/30 split for Tier II costs where 70% of applicable project costs are borne by the region, and 30% of the costs are borne by the sewerage area in which the project is located. This allocation was chosen by the Board to: a) recognize that secondary treatment has a regional benefit in that it makes the region's waterways healthier for everyone; and b) to share the financial impacts anticipated for the Annacis and Lulu secondary upgrades (these were not growth projects). Prior to 1993, 100% of project costs were funded by the serviced sewerage area with no regional contribution.

Liquid Waste DCCs came into effect in January 1997. The Cost Apportionment Bylaw was used to establish how DCC revenues would be apportioned; the same 70/30 split was used for growth related portions of Tier II projects funded from DCC revenues. The split by sewerage area is only for Liquid Waste DCCs; water and park acquisition DCCs have one rate for the whole region.

This is current Board policy. The Board is welcome to discuss / revisit the apportionment bylaw at any time, and can also reconsider the application of the same apportionment to growth related projects funded by DCC revenues.

Table 1. Description of Tiers and Allocation for GVS&DD capital projects

Year	Tier	Description	Allocation
<1993		No Tiers for capital projects	100% of project costs allocated to the host sewerage area
1995	Tier 1	Any project costs where the host sewerage area is the beneficiary (e.g. community benefits, and local serving infrastructure)	100% of project costs paid by the host sewerage area
1995	Tier II	Any project costs for secondary treatment + WWTPs	70% of costs paid by the region; 30% of costs paid by the host sewerage area
1997	I & II	GVS&DD DCCs introduced	Same cost apportionment framework for Tier I and Tier II used
2014	Tier III	Any project costs for tertiary treatment; cost associated with resource recovery	100% of costs paid by the region; for both growth and non-growth portions

Note: DCCs for GVS&DD are subject to Cost Apportionment Bylaw; DCCs for water and parks acquisition are one rate for the region.

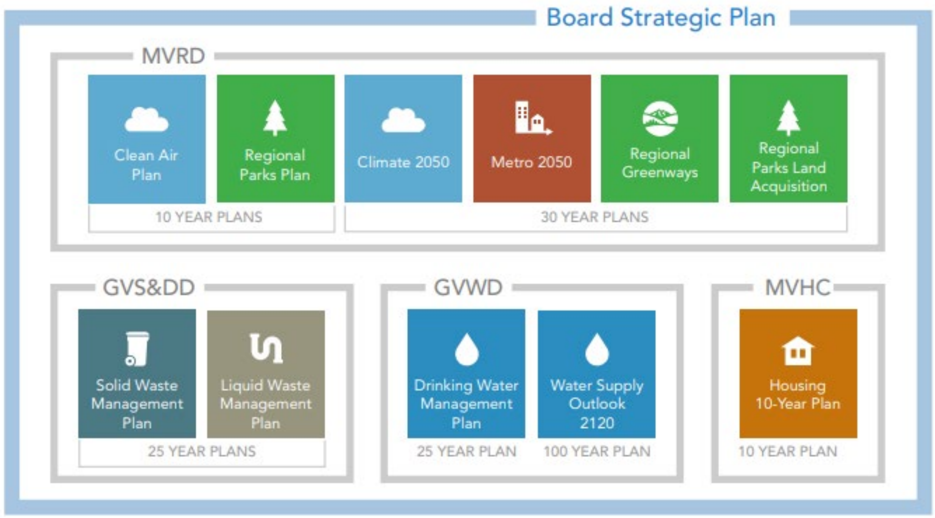
The current DCC rates are based on 2021 population and dwelling unit projections using 2016 Census data. The Board received updated population projections based on the 2021 Census this past summer, and Metro Vancouver will update the DCC bylaws to include revised rates for the 2027 budget process using updated projections and updated housing types that reflect new provincial legislation. The best available data at the time was used, and the population and dwelling unit projections continue to be updated as new data becomes available.

Governance

The memo expresses concern that staff are undertaking initiatives in the absence of Board direction or picking and choosing initiatives from the Board Strategic Plan. By necessity, staff use Board-approved plans and resolutions as direction for their work. The Board Strategic Plan actions are all advanced through standing committees and the Board.

Metro Vancouver's suite of management plans are adopted by the Board, and the initial actions in the draft Board Strategic Plan are actions from those management plans that are possible to achieve during the Board's four-year mandate. Using this draft plan, the Board can add to or change any of those actions at its discretion. This process was undertaken between January and May 2022 as part of the current Board's orientation. The actions in the Board Strategic Plan are activated through standing committee workplans and the budget process. The overarching directions for the Board Strategic Plan are developed through engagement with the Board.

Metro Vancouver Management Plans



For example, the current Board Strategic Plan contains an action to 'introduce regulatory requirements to reduce greenhouse gas emissions from large and small buildings'. This action is in the Board adopted *Clean Air Plan* (2021), the *Climate 2050 Strategic Framework* (2019), and the *Climate 2050 Buildings Roadmap* (2022). In 2024, staff advanced this work and sought Committee and Board direction to engage on a potential regulatory approach for existing large buildings. The Board defeated the motion to:

> *endorse a second phase of engagement on the proposed approach to develop a regulation to reduce greenhouse gas emissions from existing large buildings as described in the report dated December 15, 2023, titled Proposed Regulatory Approach to Reduce Greenhouse Gas Emissions from Existing Large Buildings: Phase 2 Engagement,*

noting that the Board had yet to agree on a proposed regulatory approach. Given the discussion at the Board, staff returned with a report providing information on best practices in energy and emissions benchmarking and reporting for existing large buildings rather than proposing engagement on a regulatory approach. The Board provided clear direction not to proceed with the work. This Board decision was reflected in the 2024 Climate 2050 Annual Report. No further work will continue unless the Board provides alternate direction.

A second example is the *Metro 2050* Climate Policy Enhancement Study. *Metro 2050* was adopted by the MVRD Board on February 24, 2023. Climate change was a major policy focus area in the development of *Metro 2050,* which led to stronger climate change policies as compared to *Metro 2040*. Notwithstanding these stronger climate-related policies, at its meeting on March 25, 2022, while considering first and second readings of the *Metro 2050* bylaw, the MVRD Board passed the following resolution:

> *Given the urgent need to respond to climate change and prepare for extreme weather events, direct staff to undertake work and engagement with an aim to proposing an early amendment to Metro 2050 post-adoption to strengthen climate action language and policy including the intent to improve integration of climate action into other Metro 2050 priorities.*

Staff undertook the following process to seek Board direction on the above:

- At its May 27, 2022 meeting, the MVRD Board received a report titled "Process to Consider Stronger Climate Action Language and Policy for Metro 2050". That report set out a high-level process for how staff would respond to the March 25, 2022 Board direction.
- Following the local election in October 2022, the Regional Planning Committee, Climate Action Committee, and MVRD Board received a report titled "Metro 2050 Climate Policy Enhancement Study – Project Initiation" at its February 24, 2023 meeting. This report provided greater detail on a proposed scope of work and the engagement process for the study.
- At its November 2, 2023 meeting, the Climate Action Committee hosted a Joint Discussion with the Regional Planning Committee. Participants of this session received a backgrounder on the *Metro 2050* Climate Policy Enhancement Study. The workshop session provided committee members an opportunity to provide feedback and comments on the policy areas being considered, and their input was used to help inform the final project recommendations.
- At its May 10, 2024 meeting, the Regional Planning Committee received a report titled "Metro 2050 Climate Policy Enhancement Study – Recommendations". The Committee supported the majority of recommendations that had been developed, but referred two of the six recommendations back to staff to consider adjustments to address concerns raised by committee members. This approach was supported by the Board.
- At its September 6, 2024 meeting, the Regional Planning Committee received a report titled "Metro 2050 Climate Policy Enhancement Study – Revised Recommendations". This report addressed the comments raised by the committee and the updated recommendations were supported by the Regional Planning Committee. The final recommendations were approved by the MVRD Board on September 27, 2024, and direction has been given to prepare an amendment bylaw that will be coming back to the Board in early 2025 for consideration.

In summary, all policy actions and work listed in approved management plans and the Board Strategic Plan are owned by the Board, and staff do not advance work without approval for workplans, scope of work, budget, etc., for these activities. If and when the Board provides alternative direction to that approved in those plans, staff proceed as directed.

DIRECTOR KOONER'S NOVEMBER 12, 2024 MEMO 7 QUESTIONS AND RESPONSES

1. **Issue a) Metro Vancouver has indicated that 91% of sewage flow at Iona is solely for the City of Vancouver. The 8% growth rate allocated to the Iona project does not accurately reflect growth in the City of Vancouver (VSA). The 8% relates to 'excess treatment plant capacity' after 2052 based on the projections used at the time this was brought forward to the Metro Vancouver Board. As the City of Vancouver is currently switching from a combined sewer and storm system to a singular storm and singular sewer, the cost associated with the 'excess capacity' is unfairly impacting the residents of the region. The residents of Vancouver will be further paying additional costs as they fund switching their sewer system. While I understand the desire to overbuild infrastructure and the amount might be small at 8%; however, at a capital cost of $10B this 8% represents around $800M in additional costs being allocated to the region.**

Response:

- DCCs can be imposed for the growth component of infrastructure projects.
- The Province's best practices guide defines what can be classified as 'growth' related. Staff follow the best practices guide in determining the percentage of capital works required to accommodate such population growth.
- As an example, the Liquid Waste Development Cost Charges webpage lists GVS&DD's 2023 projects and identifies how much of the capital cost of each project is growth related.
- The component of the Iona Island Wastewater Treatment Plant Projects (IIWWTP) required to accommodate population growth is currently estimated to be 8%. In other words, 8% of the IIWWTP costs are attributable to population growth. This 8% growth component was approved as part of the 2022 IIWWTP Project Definition Report.
- For clarity, for 2023-2024, the City of Vancouver contributed approximately 87.4% of liquid waste flowing into the Iona Wastewater Treatment Plant. This number changes each year.

Issue b) There is another oversight in regards to the 8%. Metro Vancouver Growth Projections Report, provided to the Board for approval in 2024, indicates between 25.6% and 35% population growth / dwellings in the City of Vancouver and as such the growth component of Iona WWTP should be closer to 25% to 35%.

Response:

- There is not a direct line relationship between population growth percentages and the proportion of an infrastructure project that is required to accommodate that population growth, which is often referred to as the "growth component" or "growth related".
- There are some components of the project that are the same irrespective of growth, (e.g. an O&M building that is required when replacing a facility; it will service growth, but won't be any larger because of growth).
- The Province's best practices guide defines what can be classified as 'growth' related. Staff follow the best practices guide in determining the percentage of capital works required to accommodate such population growth.

- Staff are integrating updated population and dwelling unit projections into Metro Vancouver's capital plan based on 2021 Census data and updated modelling, and this will amend the percentage of projects that are allocated to growth. Updated percentages will then be integrated into updates to the DCC rates and the 2027 budget. Staff have been conducting sensitivity analysis on updated population projections, and the Iona project could move from 8% to about an 18% growth share.
- Vancouver is providing some growth capacity through sewer separation.
- The Vancouver Sewerage Area is comprised of more than Vancouver. It includes UBC, the University Endowment Lands, and parts of Burnaby and Richmond.

Issue c) A further compounding issue is that Metro Vancouver's Cost Apportionment Bylaw splits the growth costs 70/30 for Tier 2 costs, meaning growth in the region, particularly those municipalities in the FSA, will be subsidizing the VSA and Iona project. The financial impact results in the residents' household portion decreasing significantly if correct allocations are utilized.

Response:

- See pages 2 and 3 above.

Conclusion: Introducing Tier II was built on the principle that all residents benefit from healthier waters. Surrey residents benefit from a cleaner Fraser River, Salish Sea and Burrard Inlet just as much as Vancouver residents. The past two Board Strategic Plans identified the exploration of moving toward one sewerage area and fully shared costs. Board members have acknowledged the challenges associated with this approach in terms of determining when it would apply and how past equity issues could be addressed. The addition of Tier III to the GVS&DD Cost Apportionment Bylaw in 2019 was a movement toward one sewerage area, where the Board determined that tertiary treatment is a region-wide benefit and should be fully funded by the entire region.

This is current Board policy. The Board is welcome to reconsider the apportionment bylaw at any time, and it can also reconsider the application of the same apportionment to growth related projects and portions of projects funded by DCC revenues.

2. **The current GVS&DD Cost Apportionment 70/30 growth funding model, per the bylaw is inadvertently punitive to those cities outside the NSA and VSA for their growth, and does not align with the true spirit and intent of 'growth paying for growth' as it is growth in the FSA paying for growth in the MV region. For example, the FSA dwelling unit projections are 3 times the VSA; therefore growth DCCs collected from FSA municipalities that are growing will be funding Tier II and III projects in areas where the growth in units is not equal. This unfairly penalizes growing regions to fund projects where there is no direct benefit, and at the same time funding a vast majority of the projects and creates an inequitable DCC balance in the region. Based on the 2027 DCC rates and unit projections to 2052; the VSA contributions to sewerage areas is just over $1B, as compared to the FSA who fill fund approximately $3.7B (Exhibit 3). This 70/30 application of the DCC rates was not a prior issue, as the FSA has been historically charged double the DCC rate and was the area producing the majority of the units which was to fund the FSA's Annacis treatment plant. However, as the $15 Billion combined**

treatment plants in the North Shore and Vancouver region are to be completed the growth allocation must be re-evaluated, particularly because those municipalities / areas are not growing proportionately to fund their own projects. This results in residents from the FSA region contributing over 3 times the funds as VSA in the Iona example.

Response:

- The Board always has the option to revisit the GVS&DD Cost Apportionment Bylaw.
- Liquid Waste DCCs came into effect in January 1997. The GVS&DD Allocation Bylaw (now Cost Apportionment Bylaw) sets out how the DCC rates / revenues are apportioned. The same 70/30 cost share was used for Tier II growth projects.
- In terms of how liquid waste DCCs are allocated by sewerage area, the process is as follows:
    - Each project is assigned a percentage allocated to growth based on the provincial best practices guide.
    - This includes Tier 1 growth projects that are allocated to a given sewerage area, Tier II components which are allocated 30% to the host sewerage area and 70% regionally, and Tier III components which are allocated 100% regionally. For Tier II and Tier III components, the regional portion is allocated by sewerage area (See figure at top of page 13 for Iona example).
    - Based on projected dwelling unit growth, DCC rates are set for each sewerage area.
    - DCC per unit rates are lower in the FSA as there is a higher dwelling unit growth projected.
    - Each sewerage area has a DCC reserve.
    - If growth is proceeding faster or slower than projected in a particular sewerage area, DCC rates are adjusted. A sewerage area will not be charged more than the percentage and amount allocated for the project.
    - A sewerage area that 'undercollects' will have increased levy rates. Other sewerage areas will not contribute more DCCs to make up for another sewerage area's 'shortfall'.
    - In summary, the collection of DCC revenues for a particular sewerage area must be aligned with a project's growth costs that have been allocated to that sewerage area. When determining future DCC rate updates, the DCC reserve balance for each sewerage area must be accounted for, and therefore rate updates account for the actual DCCs collected.

c) The City of Surrey is requesting further information for total capital costs of Annacis, the DCC's collected to date by Sewerage Area, and the allocation of the funds collected for payment of Annacis growth by Tier.

Response:

- The total cost of the completed works for Annacis Wastewater Treatment Plan primary and secondary treatment was approximately $465M, and was largely due to the regulatory requirements for secondary treatment.

- This project was not growth related and therefore DCC could not be collected for the project. The current Capital Plan does include expansion and growth related work at the Anancis plant.
- Over the past 20 years (2004–2023), the total DCC revenue collection is $547M for the FSA for the growth components of all liquid waste capital projects.

3. **The Cost Apportionment Bylaw also states each sewerage area must produce a certain number of housing units and if the growth in a sewerage area is not realized / achieved, then the municipalities within that sewerage area will be levied the "undercollected" DCC portion regardless of whether an individual municipality achieved their growth/housing targets. This could unfairly punish cities that achieve growth targets and have contributed their portion of the DCC's. Furthermore, the 70/30 allocation discussion above could further exacerbate this potential situation and having inconsistent approach to DCC's and waivers across sewerage areas and municipalities could cause further inequity. Another issue with this Cost Apportionment approach is that the Bylaw does not have reciprocal language to provide "financial credits" to municipalities who provide excess growth / housing units.**

Response:
- The question seems to be pointing to a process set out in Section 4.6 of the 2014 Cost Apportionment Bylaw, which is no longer in effect. That section speaks about what is done in the case of a DCC "shortfall". That section was repealed on July 26, 2019 by GVS&DD Cost Apportionment Amending Bylaw No. 328, 2019 (metrovancouver.org) (see para. 3 q. of amending bylaw which repealed and replaced).
- The accompanying report discussion at the time is here: GVSDD Board Meeting Agenda Package - July 26, 2019 (metrovancouver.org) starting at page 53 of the PDF.
- Section 4 of the Cost Apportionment Bylaw sets out the apportionment of growth costs. Growth costs are apportioned to each sewerage area based on the relative population growth projected for each sewerage area and the DCC revenues are applied to each sewerage area consistently. The DCCs that are raised by each sewerage area stay within the sewerage area to fund their allocated growth capital projects. If there is an under-collection of DCCs for a particular sewerage area, the liquid waste levy for that specific sewerage area is the funding source, and will be allocated based on population growth in accordance with Section 4.5.
- As per the Province's Best Practices Guide, DCCs can pay up to 99% of growth costs where the remaining 1% must be funded from existing ratepayers. Section 4.5 also sets out the allocation for the 1% of growth costs that are not funded from DCCs which is based on the relative population growth of the member jurisdiction divided by the sewerage area population growth.

4. The City of Surrey is concerned about the Capital Cost of the Iona project, specifically but not limited to:

a) The unexplained cost escalations from $2 Billion a few years ago to $10 Billion, which have not adequately been defined, presented, discussed and deliberated with the Board.

Response:

- The $1.9 billion cost estimate was established in 2009 with a concept. The estimate did not reflect the design activity, risk reserve, or cost escalation.
- In early 2020, Metro Vancouver established a project delivery department to review best practices for major projects:
    - April 15, 2020 – Finance and Intergovernment Committee: "Capital Projects and Project Delivery"
        - Report: https://metrovancouver.org/boards/IntergovernmentFinance/FIC_2020-Apr-15_AGE.pdf
        - Presentation: https://metrovancouver.org/boards/IntergovernmentFinance/FIC_2020-Apr-15_PPT.pdf
    - April 24, 2020 – Board: "Capital Projects and Project Delivery" (https://metrovancouver.org/boards/meeting/1938)
    - September 11, 2020 – Finance and Intergovernment Committee: "Capital Infrastructure Project Governance (Verbal Update)"
        - Video: https://metrovancouver.org/boards/meeting/1992
    - October 2, 2020 – Board: "Capital Infrastructure Project Governance"
        - Report: https://metrovancouver.org/boards/GVSDD/SDD_2020-Oct-2_AGE.pdf
        - Videos: https://metrovancouver.org/boards/meeting/1942
- On July 31, 2020, the Board endorsed the Design Concept for the Iona Island Wastewater Treatment Plant Project.
- As part of best practices review, in late 2020, Metro Vancouver updated the Project Estimating Framework, and rolled it out over several meetings, including:
    - November 18, 2020 – Finance and Intergovernment Committee: "Project Delivery Best Practice Response – Project Estimating Framework"
        - Report: https://metrovancouver.org/boards/IntergovernmentFinance/FIC_2020-Nov-18_AGE.pdf
        - Video: https://metrovancouver.org/boards/meeting/2004
    - November 27, 2020 – Board: "Project Delivery Best Practice Response – Project Estimating Framework"
        - Report: https://metrovancouver.org/boards/GVSDD/SDD_2020-Nov-27_AGE.pdf
        - Video: https://metrovancouver.org/boards/meeting/1945
    - January 14, 2021 – Performance and Audit Committee: "Project Delivery Best Practice Response – Project Estimating Framework"

        - Report
        - Presentation
        - Video
- On July 14, 2021, a report was provided to the Board to update on challenges related to constructability and schedule constraints that contributed to higher cost estimates. At this point, staff alerted the Board that when applying the new Cost Estimating Framework, the total project costs for the design concept were estimated at a present value of $6.7 billion. When escalation and a risk reserve were included, the estimated total cost would be $10.4 billion, at this time ranked as an AAECI Class 3 cost estimate.
    - July 14, 2021 – Liquid Waste Committee: "Iona Island Wastewater Treatment Plant Projects – Project definition Update"
        - Report: https://metrovancouver.org/boards/LiquidWasteCommittee/LWA_2021-Jul-15_AGE.pdf
        - Video: https://metrovancouver.org/boards/meeting/2154
    - July 30, 2021 – Board: "Iona Island Wastewater Treatment Plant Projects – Project Definition Update"
        - Report: https://metrovancouver.org/boards/GVSDD/SDD_2021-Jul-30_AGE.pdf
        - Video: https://metrovancouver.org/boards/meeting/2086
- At a May 4, 2022 tour of the Iona Island Wastewater Treatment Plant and Iona Beach Regional Park for members of the Liquid Waste Committee, Regional Parks Committee and Climate Action Committee, participants expressed interest in receiving more information on what is being done to address the effects of climate change on the Iona Island Wastewater Treatment Plant and Iona Island as a whole. A report was made to the July 13, 2022 – Liquid Waste Committee: "Climate and Seismic Resilience Planning at Iona Island".
    - Report: https://metrovancouver.org/boards/LiquidWasteCommittee/LWA_2022-Jul-13_AGE.pdf
- In 2022, the project was moved by the Board into the Preliminary Design phase. At this point, there was a special Board meeting held prior to it going to Liquid Waste Committee and Board for discussion and approval.
    - February 3, 2022 Special Board Meeting – This 3-hour workshop-style meeting included select Metro Vancouver committees and councilors from the VSA member jurisdictions. Agenda topics included: Project background, needs and benefits; Treatment plant upgrades; Ecological restoration projects; Project schedule and cost estimates; and, Accountability: funding and governance
        - The revised cost of $9.9 billion was discussed at this meeting ($6.4B Design & Construction + $1.9B Escalation +$1.6B Risk Reserve)
        - Video
        - Conceptual Design Backgrounder: https://metrovancouver.org/services/liquid-waste/ConstructionDocuments/iiwwtp-projects-backgrounder-standalone-May2022.pdf

- March 9, 2022 – Liquid Waste Committee: "Iona Island Wastewater Treatment Plant Upgrade Projects – Project Definition and Conceptual Design Approval (Stage Gate 1)"
  - Committee Report: https://metrovancouver.org/boards/LiquidWasteCommittee/LWA_2022-Mar-9_AGE.pdf
  - Project Definition Report Summary included:
    - The conceptual design for upgrading the WWTP, including resource recovery opportunities, and ecological restoration projects consistent with the endorsed revised design concept;
    - A plan to construct the WWTP to meet the federal Wastewater Systems Effluent Regulations (WSER) by 2035, based on a Level 3 schedule for the endorsed revised design concept;
    - An AACEI Class 4 cost estimate using Metro Vancouver's Best Practice Cost Estimating Framework; and
    - A recommended delivery strategy that is intentionally flexible to address some of the complex program challenges and to allow for refinement as the design is further advanced, a funding and financing strategy is finalized, and project funding agreements are developed.
  - Video: https://metrovancouver.org/boards/meeting/2285
- March 25, 2022 Board Meeting – $9.9 Billion cost estimate approved by Board
  - Report: ""Iona Island Wastewater Treatment Plant Upgrade Projects – Project Definition and Conceptual Design Approval (Stage Gate 1)" https://metrovancouver.org/boards/GVSDD/SDD_2022-Mar-25_AGE.pdf
  - Presentation: https://metrovancouver.org/boards/GVSDD/SDD_2022-Mar-25_PPT.pdf
  - Video: https://metrovancouver.org/boards/meeting/2223

b) The apportionment of costs between Tier I / II / III, and potential audits of allocations, particularly because VSA is required to fund all costs associated with Tier I.

Response:

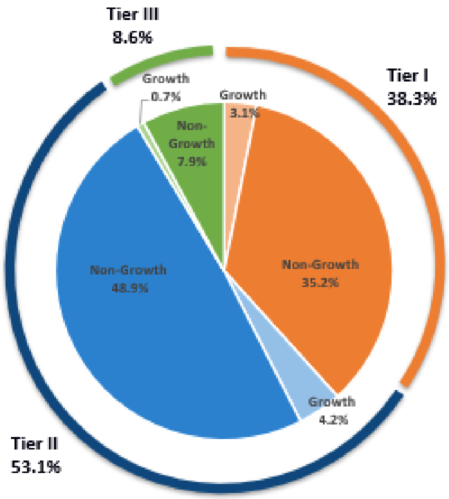
- The determination of costs to Tier I / II / III for the Iona Island WWTP is based on the Province's Best Practices Guide and the Cost Apportionment Bylaw (See Table 1 on page 3).
- The estimated costs for the plant, based on the Project Definition estimate, including cost escalation and contingencies were broken down into process units. Costs that could be attributed to specific process units were identified (ground improvements, concrete structures, piping, equipment, mechanical, electrical, instrumentation, etc.).
- Costs for plant-wide services (operations and maintenance facilities, electrical power distribution, water utilities, control systems, etc) were proportioned to each process unit based on the directly attributable costs for each process unit.
- These costs were then split into process groups that aligned with the Tier I / II / III definitions included in the Cost Apportionment Bylaw (Preliminary Treatment, Primary

Treatment, Secondary Treatment, Solids Management, and Tertiary Filtration / Resource Recovery).

- The allocation of the Tier I / II / III costs are distributed to the sewerage areas as per the Cost Apportionment Bylaw, in proportion to flow generated by each sewerage area as measured at the regional treatment plants (See Figure 1).

Figure 1.

IONA WWTP PROJECT COST ALLOCATION (%)



	VSA	NSSA	LIWSA	FSA	Total
Tier 1	3.1% G	-	-	-	3.1% G
	35.2% NG	-	-	-	35.2% NG
Tier II (30%)	1.3%G	-	-	-	1.3%G
	14.7% NG	-	-	-	14.7% NG
Tier II (70%)	0.6% G	0.2% G	0.2% G	1.9% G	2.9% G
	13.1% NG	2.2% NG	2.4% NG	16.5% NG	34.2% NG
Tier III	0.2% G	0.0% G	0.0% G	0.5% G	0.7% G
	3.0% NG	0.5% NG	0.6% NG	3.8% NG	7.9% NG
Total	5.2% G	0.2% G	0.2% G	2.4% G	8.0% G
	66.0% NG	2.7% NG	3.0% NG	20.3% NG	92.0% NG
	71.2%	2.9%	3.2%	22.7%	100%

c) **The apportionment of costs to the Vancouver Airport, including their direct contributions to this project and how their growth component is being allocated.**

Response:

- YVR is a customer of the City of Richmond. Richmond collects sewerage fees for YVR.
- The Ferguson Road re-alignment on Sea Island was presented at the GVS&DD Board on April 2022 and adopted on consent.
- The Ferguson Road upgrades were delivered through the Vancouver Airport Authority with Metro Vancouver responsible for 50% of the capital costs and 50% of the maintenance costs until commissioning of the new IIWWTP.
- The Board authorized the Commissioner to execute a Road Corridor Construction and Cost Sharing Agreement with Vancouver Airport Authority in April 2022. The cost to Metro Vancouver was $13 million.
- The cost of the cycling infrastructure was $4M (16% of total costs) and funds from the Vancouver Airport Authority were allocated to that work.
- Ferguson Road is the only vehicle access point to Iona Island and the Iona Island Wastewater Treatment Plant. The road cannot accommodate expected construction traffic volumes due to poor pavement conditions, and it does not have separation of cyclists and pedestrians from vehicular traffic which was identified as a safety risk and potential for conflict between construction vehicles and cyclists as Ferguson Road is a popular

destination for road cyclists. To ensure transportation safety, separation was required between different road users including cyclists and vehicles.

- The road also did not meet servicing requirements for the construction of the upgraded plant. The realigned and upgraded western section of Ferguson Road was required to address the existing road condition, separation between different road users, and servicing issues. These upgrades are part of critical works needed prior to commencement of ground improvement work for the new treatment plant.
- These upgrades are in alignment with Metro Vancouver's Regional Recreation Greenway Network as outlined in *Metro 2050*, City of Richmond's Official Community Plan mobility and access objectives, and TransLink's Regional Transportation Strategy goals.

d) The Iona Conceptual Design Report indicates ground improvements alone are estimated to be 20% ($2 Billion) and there is no information as to how this cost allocated across the Tiers. Additionally, the Report includes the 80,000 tonnes of steel will be needed to support the weight of this project. As these projects are extremely costly, Board members have not been updated as to whether other options, including other locations, have been fully re-analyzed.

Response:

- The ground improvements are allocated across the footprint of the different project components (primary treatment, secondary treatment, tertiary treatment, resource recovery, etc.) and their associated tiers. The cost for steel and piling were directly allocated to each component based on estimated amount required.
- Regarding the site selection:
  - A 2009 study evaluated site options for Iona including:
    - Centralized plant at the existing Iona Island site (Recommended)
    - Central plant at Iona with three new decentralized plants in Vancouver
    - Treatment in highly distributed system (~60 small WWTPs)
  - A 2021/2022 review confirmed that a centralized plant on Iona Island was preferred. An alternate site was not viable due to cost, complexity, schedule, and permitting. A decentralized model or highly distributed model would not be viable due to challenges related to public acceptance, regulatory compliance and permitting, land tenure, complexity, and schedule.

e) Added costs, above regulatory requirements, and their benefits and funding allocations to individual municipalities for the Tier III components of the Iona project. This includes items such as: tertiary treatment, park amenities, road and cycling upgrades, welcome centers and bus parking areas. The scope of these works is broad and beyond sewage costs and based on Metro Vancouver's Project Definition Report could range between 8% and 15% of total costs, equating to around $800 Million to $1.5 Billion in potential scope creep and potential improper allocation of sewage funds (DCC and levy) towards non-sewage assets.

Response:

- At the July 2024 Board Meeting, staff were directed to pursue opportunities to phase the Iona Projects to address cost sustainability. This assessment will include an evaluation of all components of the project.
- As background, in March 2022, the GVS&DD Board approved the Project Definition Report for the Iona Projects. Since that time, planning has progressed and the project's schedule continues to target achieving secondary treatment (and regulatory compliance) by 2035 (~5 years after the regulatory deadline of December 31, 2030). Risks to meeting this timeframe remain as a result of several factors, including increased population forecasts and general market capacity constraints and cost escalations. The next phase of the treatment plant upgrade is preliminary design.
- The Board-approved Project Definition Report includes three core goals — to meet regulatory requirements for secondary treatment, to reduce GHGs through integrated resource recovery, and to advance park and community integration.
- Iona Beach Regional Park surrounds the Iona Island Wastewater Treatment Plant. The park protects sensitive ecosystems and provides opportunities to connect with nature on trails, viewpoints, and beach areas. The existing treatment plant site is constrained with limited land holdings on Iona Island in the Lower Fraser estuary. Upgrading the plant will likely require development of some infrastructure in the City of Richmond's Environmentally Sensitive Areas (ESA).
- The only park improvements included in the current phase of the Iona Projects are compensation projects that are required to secure permitting approval including the City of Richmond ESA requirements. These projects are located in the park because all available GTVS&DD land is required for plant development.
- The optional park improvements that were included in the Project Definition Report are not advancing at this time. This includes habitat restoration and the development of basic park amenities to compensate for community and park visitor impacts of plant construction. These projects will be brought forward for consideration by the Board before inclusion in future phases of the project.

f) Metro Vancouver Financial Budgets, including DCC budgets, are predicated on a $12.1 Billion Iona project, ($6.4 Billion project + $4 Billion risk/escalation/contingency + $1.7B interest). There has been no analysis, nor discussion with the Board, as to what the rates should be predicated for DCC collection, as Metro Vancouver appears to be pre-assuming the risk/escalation/contingency will be fully utilized. In essence, there is a potential for significant overcollection of funds (levy and DCCs) which would then be carried forward inaccurately beyond 2052.

Response:

- The Iona Projects have an estimated project cost of $9.9B.
- DCC rates were set *including interest* in accordance with the provincial Best Practices Guide. The best practices guide currently lists recoverable DCC costs under the following scope:
    - planning;
    - public consultation;
    - engineering design;
    - right-of-way or parkland acquisition;

  - legal costs;
  - interim financing;
  - contract administration;
  - construction; and,
  - contingencies.
- As defined above, contingencies are eligible to be included in accordance with the Best Practices Guide. The Iona Projects are currently being re-assessed for phasing options and overall cost sustainability of the project as directed by the Board. The risk reserve and contingency would only be used when risk or other factors outside of the project's control materialize. As directed by the Board, Metro Vancouver is committed to regularly reviewing and updating the DCC program, which will take into account DCC reserve balances and collections when setting rates. Over-collection will not occur.

5. **In response to my motion and question #1, Metro Vancouver provided dwelling unit forecasts per sewerage area (Table 1). Metro Vancouver's calculations for "Residential Lot Development Unit" raise further questions. For example, the projected "residential single-family lot" increase for VSA is 17,006 and for the FSA is 72,812. The City of Surrey is concerned that this increase in single-family residential lots is not accurate, and possibly reflects rebuilds of residential lots where the sewerage and water DCCs have already been paid, which would result in double collection. Per provincial legislation, only new residential lots or residential homes that have not been charged any DCCs for sewer or water should be charged for these DCCs as this would be growth paying for growth. We request further clarity on this item.**

Table 1. Breakdown of costs and residential growth by unit type over a 30-year time horizon

	Residential Growth by Unit Type (2023-2052)				**Growth Capital Costs (2023-2052)***
	Residential Lot Development Unit	**Townhouse**	**Apartment**		
VSA	17,006	3,480	71,043		$1,161,118,733
NSSA	6,569	2,346	16,470		$302,189,107
LIWSA	(136)	8,386	18,477		$212,060,561
FSA	72,812	56,534	139,833		$3,899,727,823
GVS&DD Total	96,251	70,746	245,823		$5,575,096,224
GVWD Total	90,313	69,941	229,618		$7,836,125,000
Parks Total	92,362	70,798	246,520		$802,900,000

**Growth capital costs for GVS&DD and GVWD include interest and GVS&DD growth capital costs are allocated as per the GVS&DD Cost Apportionment Bylaw.*

Response:

- Residential Lot Development Unit includes single-detached house; semi-detached house; apartment or flat in a duplex; other single-attached house; mobile home; and other movable dwelling. This definition comes from Statistics Canada.
- The projections used are from 2021 using 2016 Census data. It was the best information available at the time, and staff are in the process of integrating updated projections received by the Board in July 2024 based on 2021 Census data into the capital program for the planned 2027 DCC bylaw update for Board consideration.

- Projections used for Residential Lot Development Unit for VSA and FSA:

Sewerage Area	2016	2024	2040	2050
VSA	112,305 actual	121,197	131,211	135,269
FSA	264,156 actual	298,303	345,434	363,727

- The projections reflect a set of assumptions based on legislation prior to the Province's recent legislative updates. Vancouver was projected to replace more single detached homes with multi-plex units, which fall under another category (townhouse or apartment) and therefore the growth in the RSL category is lower, whereas Surrey was projected to build on raw lots or replace more single detached units with single detached homes, perhaps with a secondary suite.
- There is no double counting. The legislation is clear about when DCCs apply for a rebuild, and where they are not payable. This is in section 561 of the *Local Government Act*. In addition, Metro Vancouver does not collect DCCs directly. Member jurisdictions do that on Metro Vancouver's behalf and implement the *Local Government Act* requirements.

6. **Metro Vancouver is seeking to introduce a new DCC charge for Parkland Acquisition. This new charge will further burden on the development industry, at a time of fiscal uncertainty and need for housing affordability. Furthermore, Metro Vancouver has not established a framework or criteria on how the collected parkland DCCs would be expensed. Metro Vancouver would be seeking to collect over $523 Million in parkland DCC's from municipalities within the FSA alone. Analysis has identified the following questions.**

Response:

- On March 22, 2024, the Board passed DCC bylaws for Liquid Waste, Water, and Parks Acquisition. The bylaws came into effect on January 1, 2025, and will be phased in over three years. The table below provides the Parkland Acquisition DCC rates. The rates were calculated based on assessed values of identified future parkland acquisitions. A total of 1,797 hectares were identified with an average assessed value in 2023 of $446,900 per hectare, which determined the total amount to be DCC recoverable to be $803 million.

Assist Factor	Existing	75% Jan 1, 2025	50% Jan 1, 2026	1% Jan 1, 2027
Residential Lot Development Unit	-	$491	$981	$1,943
Townhouse Dwelling Unit	-	$442	$884	$1,751
Apartment Dwelling Unit	-	$303	$606	$1,199
Non-Residential (per square foot)	-	$0.24	$0.48	$0.94

a) Was there Board direction that it is Metro Vancouver's mandate to fund regional parks, or conservation lands, when these types of properties should potentially be funded by higher levels of government?

Response:

- The Regional Parks service was established in 1967 to address an identified need to provide large natural parks within easy access of a growing population. The MVRD Board has approved various plans and policy regarding the role of Regional Parks and funding of Regional Parks. The service celebrated its 50th anniversary in 2017.
- In 1993, a Regional Parks Land Acquisition Fund was established by the GVRD Board at $3.5 million per annum, which equated to about $2 per capita at the time. The fund remained static until 2003 when it was increased to $3.77 million. In 2017, the MVRD Board approved an increase to the land acquisition fund to bring it to $7.57 million per annum to accelerate the implementation of the land acquisition program.
- In 2018, the MVRD Board approved the Regional Parks Land Acquisition Strategy 2050. One of the actions identified in the strategy is to explore options for sustainable funding to support the acquisition of regional parkland in the region.
- 2019 – October 4, 2019 MVRD Board Agenda
  - The Regional Parks Committee put forth a recommendation to increase the funding for regional park land acquisition. The MVRD approved a phased implementation program of +$4.0 million per year for five years resulting in an increase of $20 million over five years to be funded from the tax levy.

    That the MVRD Board:
    - *direct staff to include in the Regional Parks 2020 budget an additional contribution of $4 million to advance the Regional Parkland Acquisition Reserve Fund and include an additional $4 million increase annually until 2024; and*
    - *prepare an amendment to the Greater Vancouver Regional District Bylaw 735, the bylaw that established a Regional Parkland Acquisition Reserve Fund, to enable capital funding provisions for both land acquisition and park development for Board approval.*

- The 2019-2022 and 2022-2026 Board Strategic Plans have actions to explore opportunities to use development cost charges for the acquisition of regional parks with the aim of aligning with the principle of growth paying for growth, and the intent to offset or reduce the impacts of expansion on existing ratepayers.

- 2019-2022 Board Strategic Plan (Page 26)
  Explore and evaluate potential new revenue sources and their impacts, including:
  - ***Development cost charges***
  - *Park fees and parking fees*
  - *Increased private donations*
  - *Revenue opportunities and development opportunities associated with greenways*
- 2022-2026 Board Strategic Plan (Page 27)
  Priority Actions
  Update existing financial tools and investigate additional financial mechanisms to support service provision, land acquisition, and operations and maintenance of park land ***including development cost charges****, grant opportunities, and philanthropic endeavours.*

- At a Special Joint Meeting April 19, 2023 the Board gave staff direction on pursuit of a DCC to support regional parks:
  That the MVRD/MVHC/GVS&DD/GVWD Board at the April 19 Board Budget Workshop:
  a) Direct staff to proceed through the 2024 budget cycle with household impact targets as follows:
     i. 2024 – 12%
     ii. 2025 – 11%
     iii. 2026 – 5%
     iv. 2027 – 5%
  b) Direct staff to prepare the 2024-2028 Financial Plan with the following Development Cost Charge (DCC) rate assumptions, including financial analysis and economic testing:
     i. Liquid Waste Development Cost Charges moving to a 1% assist factor with interest as part of the 2024-2028 Financial Plan
     ii. Water Development Cost Charges moving to a 1% assist factor with interest as part of the 2024-2028 Financial Plan
     iii. Implementation of a Development Cost Charge for Regional Parks and move to a 1% assist factor within the 2024-2028 Financial Plan.
- DCCs, including the parkland acquisition DCC, were built into the endorsed 2025-2029 Financial Plan with the following parameters:
  - DCC to commence in 2025 and are phased in over three years, with full charge starting in 2027.
  - Reduction in HHI starting in 2026 to correspond with the implementation of DCCs for parkland acquisition.
  - Since the adoption of the Regional Parks Land Acquisition Catalogue, approximately 327 hectares (785 acres) have been added to the regional parks system through

acquisitions. An approximate additional 233 ha (575 ac) were transferred from municipalities. In total, the regional parks system has grown by 560 ha (1,344 ac) since 2018.

- The Regional Parks Land Acquisition 2050 Strategy was adopted by the Board on June 22, 2018. The strategy contains a public strategy document and a confidential catalogue of lands. The strategy (Page 18) identifies criteria for how land is identified for inclusion into the land acquisition catalogue. This includes a series of criteria. The lands identified complete existing regional parks, connect parks to other important protected areas, enable better access or provide staging or operations facilities. Each property is evaluated based on the acquisition criteria (page 31) which indicate what contribution the parcel makes to the park, its level of threat, stewardship implications, as well as partnership or other considerations.
- The approval of the catalogue allows staff to act quickly when properties come on to the market. As per the *Real Estate Authority Policy* (2024), all acquisitions over $10 million come to the MVRD Board for consideration. Offers are based on market value as determined by third party appraisals. Changes to the Land Acquisition Catalogue are approved by the Board.

b) If lands within the region are owned by another level of government (federal, provincial, municipal etc.) individual governments have limitations and/or processes by which they can dispose of lands, including referrals / priority to other agencies over Metro Vancouver. Has Metro Vancouver taken this into consideration when determining priority parkland DCC rate?

Response:

- No public lands are to be funded from DCCs, as public lands are provided to Metro Vancouver at a nominal administrative cost. (e.g. through sponsored Crown Grants.)
- Resolution approved by the MVRD Board on September 27, 2024:
  That the MVRD Board approve the updated Regional Parks Land Acquisition Catalogue 2024, Attachment 1 to the report dated July 29, 2024, titled "Regional Parks Land Acquisition – Update to Land Acquisition Strategy Catalogue".
- The Regional Parks Land Acquisition Catalogue – the most recent update of the catalogue (a parcel-based list of candidate properties) was approved by the MVRD Board September 2024. It includes both private (68% by area) and public land (32% by area). The DCC program identified 146 privately owned parcels totaling 1,787 hectares of land. This is a subset of the entire Land Acquisition Catalogue.

c) If the mandate is for 'growth to pay for growth', will the allocation of parkland DCCs being spent in the individual municipalities be as collected from, or population projections, or dwelling units or geography (e.g. South of the Fraser vs. North of the Fraser) or proximity to residents / population or based on a similar approach to liquid waste (i.e. VSA, FSA, etc.)?

Response:

- Regional parks attract visitation from across the region.
- The principle for regional parks is that they are a regional asset and serve all residents in the region; they are not allocated by municipality or sub-region. The Regional Parks Land

Acquisition Strategy identifies the basis for protection as regional park land as being where there are unprotected sensitive and modified ecosystems, to complete existing regional parks in ways that will improve access, and other criteria. Unprotected and important natural areas of the region are not distributed equally, and are protected where they exist.
- The catalogue identifies specific parcels. Land acquisition for regional parks generally follows the principle of willing seller willing buyer in the open real estate market. Land will be acquired where it is available and when it is available. The Regional Parks Land Acquisition Strategy is a long-term 30-year plan designed to create a system of parks and greenways that are protected and resilient, connecting people to nature.
- The Regional Parks Plan, approved in 2022, reiterates that the role of regional parks is to protect the region's important natural areas and connect people from across the region to them. Resolution passed by the MVRD Board on July 29, 2022.

POLICY AREAS FOR BOARD CONSIDERATION
Director Kooner has raised concerns with the following policy areas. If the Board wishes to discuss any of these items, staff would support Board discussions as directed.

- Cost apportionment bylaw and allocations for Tier I, Tier II, and Tier III components / movement to one sewerage area;
- Using the same cost apportionment for growth portions of Tier I, Tier II, and Tier III components in DCC bylaws;
- Length of amortization for large infrastructure projects;
- The acquisition of regional park land; and
- The use of DCCs to acquire regional park land.

ALTERNATIVES
This is an information report responding to Director Kooner's memo to the Finance Committee. No alternatives are provided.

FINANCIAL IMPLICATIONS
This is an information report responding to Director Kooner's memo to the Finance Committee. There are no financial implications associated with the report.

CONCLUSION
This report responds to Director Kooner's November 12, 2024 memo to the Finance Committee as directed by the Finance Committee. The report responds to concerns listed about capital projects, development cost charge allocation, and governance, answers the seven questions in the memo and draws out policy issues regarding existing Board policy where the Board may choose to focus future discussions.

ATTACHMENTS
1. Response to Director Kooner's first 4 questions posed at the October 16, 2024 Board Meeting.
2. Director Kooner's November 12, 2024 Memo to the Finance Committee.

Attachment 1

Responses to Director Kooner's questions posed at the October 16th, 2024 Board Budget Workshop

1. **How did Metro Vancouver calculate the DCCs for each individual sewerage area? Please provide calculations including costs, number of units, and unit types**.

Growth capital costs and their allocation are provided by Utility Planning by project. Population and dwelling unit data is provided by Regional Planning (2016 Census data was utilized, and work is underway to update the DCCs based on updated population projections and new housing legislation). The Province provides a Best Practices Guide on how DCCs are calculated and established including what qualifies as a 'growth' component. The growth capital costs to be recovered by DCCs are divided by the total population to establish a DCC amount per person. This amount is then multiplied by the number of people per unit for each housing type by sewerage area which equals the DCC amount. See Table 1.

Table 1. Breakdown of costs and residential growth by unit type over a 30 year time horizon

	Residential Growth by Unit Type (2023-2052)				Growth Capital Costs (2023-2052)*		
	Residential Lot Development Unit	Townhouse	Apartment				
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FSA	72,812	56,534	139,833		$3,899,727,823		
GVS&DD Total	96,251	70,746	245,823		$5,575,096,224		
GVWD Total	90,313	69,941	229,618		$7,836,125,000		
Parks Total	92,362	70,798	246,520		$802,900,000		

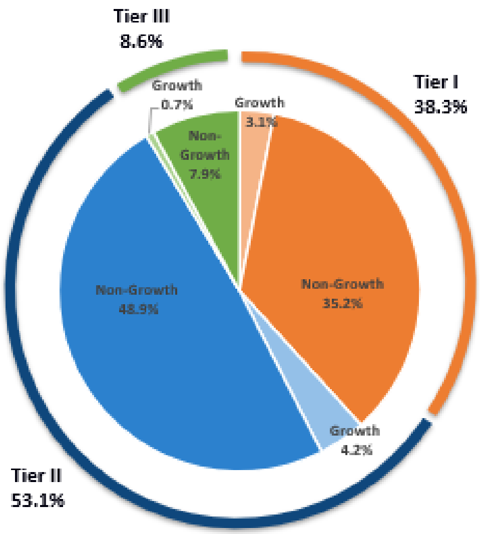
*Growth capital costs for GVS&DD and GVWD include interest and GVS&DD growth capital costs are allocated as per the GVS&DD Cost Apportionment Bylaw.

2. **The Metro Vancouver website shows 0.8% of the Iona Capital Costs being allocated to growth/DCC's, yet Metro Vancouver staff have advised that this percentage is actually 8%. Please clarify if it is 0.8% or 8% for the DCCs. Furthermore, MV planning forecasts reflect that the City of Vancouver will grow by 25.6% to 35%. Please clarify why the DCC growth rate does not coincide with the City of Vancouver growth rate.**

- The growth portion of the Iona Wastewater Treatment Plant project (IWWTP) is currently estimated to be 8%. This was approved as part of the 2022 IWWTP Project Definition Report. The Liquid Waste Development Cost Charges webpage includes a list of 2023 growth projects for the future DCC rates - effective January 1, 2025.
- The Metro Vancouver webpage also includes the growth assumptions for *current* DCC rates expiring at the end of this year. These were set prior to the 2022 Project Definition Report, and at that time, the growth component of the IWWTP was estimated to be 0.8%.
- Work is underway to integrate updated population projections into the capital program, which will likely amend the growth portion for IWWTP and other projects.

The image below shows how growth is calculated for Tier I, Tier II and Tier III projects – specifically for Iona.

IONA WWTP PROJECT COST ALLOCATION (%)



	VSA	NSSA	LIWSA	FSA	Total
Tier 1	3.1% G	-	-	-	3.1% G
	35.2% NG	-	-	-	35.2% NG
Tier II (30%)	1.3%G	-	-	-	1.3%G
	14.7% NG	-	-	-	14.7% NG
Tier II (70%)	0.6% G	0.2% G	0.2% G	1.9% G	2.9% G
	13.1% NG	2.2% NG	2.4% NG	16.5% NG	34.2% NG
Tier III	0.2% G	0.0% G	0.0% G	0.5% G	0.7% G
	3.0% NG	0.5% NG	0.6% NG	3.8% NG	7.9% NG
Total	5.2% G	0.2% G	0.2% G	2.4% G	8.0% G
	66.0% NG	2.7% NG	3.0% NG	20.3% NG	92.0% NG
	71.2%	2.9%	3.2%	22.7%	100%

- There is not a direct line relationship between the identified growth component of an infrastructure project and population growth in a city.
  a) The Province's best practices guide defines what can be classified as 'growth' related and eligible for DCCs.
  b) There are some components of the project that are the same with or without growth and they cannot be classified as growth (e.g. O&M building).
  c) Staff are working to integrate updated population and dwelling unit projections into Metro Vancouver's capital plan and what they mean to the percentage of projects allocated to growth. This will be integrated into the 2027 budget. Staff have been conducting sensitivity analysis on additional population plans, and the Iona project could move to about an 18% growth share.
  d) Vancouver is providing some growth capacity through sewer separation.
  e) The Vancouver Sewerage Area is comprised of more than Vancouver. It includes parts of Burnaby and Richmond.

3. **It is the City of Surrey's understanding that Provincial legislation and guidelines preclude Metro Vancouver to fund DCC projects across various sewerage areas. However, the DCC calculations appear to be distributed across sewerage areas. Can you please clarify the apparent discrepancies between the Provincial legislation and MV's practice?**

   - There is no discrepancy. Development cost charges are established by bylaw with the approval of the Inspector of Municipalities. The Inspector of Municipalities has approved the Metro Vancouver DCC program.
   - The *GVS&DD Act* notes that "the purpose for which development cost charges may be imposed is to provide funds to assist in paying the capital cost of providing, constructing, altering or expanding sewerage facilities *to service development within the area of the Corporation*". It permits application to the whole area of the corporation.

4. **The City of Surrey would like to know how the 70/30 cost share ratio for Tier II projects was derived and in what year? The City of Surrey is also requesting in which year did Metro Vancouver introduce sewer DCCs? Accordingly, was a resolution or bylaw adopted to apply the 70/30 cost share ratio to DCCs and what year was it adopted?**

   - The GVS&DD Allocation Bylaw was established in 1995. It introduced the 30/70 split to: a) recognize that secondary treatment makes the region's waterways healthier for everyone - we all benefit from cleaner waters, and b) share the financial impacts anticipated for the Annacis and Lulu secondary upgrades (not growth related projects). The split was based on flows.
   - Prior to 1993, ***all*** costs were funded by the serviced sewerage area.
   - A Task Force comprised of Regional Administrators Advisory Committee (RAAC) members, and led by Don Lidstone, was established to develop the Cost Allocation Bylaw. In 1993, the Metro Vancouver Board gave the Task Force principles to be used in establishing any allocation split. The work took two and a half years.
   - The Rawn Report (1953) was used as the basis for the current regional sewer system. It mentioned a 30/70 option for cost apportionment.
   - Liquid Waste DCCs came into effect in January 1997. The GVS&DD Allocation (now Apportionment) Bylaw established how the DCCs are apportioned. The same 30/70 cost share was utilized for Tier II projects.

MEMO

To:	Finance Committee
From:	Director, Pardeep Kooner
Date:	November 12, 2024
Re:	Metro Vancouver Financial Concerns and Questions

Purpose:

The purpose of this memo is to address the concerns that I, Director Kooner, and fellow Directors from the City of Surrey have in regards to Metro Vancouver's recently approved 2025 Financial Plan / Budget, Development Cost Charges, and allocations, and overall governance of Metro Vancouver's major capital projects.

Executive Summary:

<u>Capital Projects:</u>

Over the next 10 years, Metro Vancouver is seeking to embark on delivering significant infrastructure projects, of particular concern are the Major Water and Liquid Waste Capital projects that total billions of dollars. These include projects such as Iona and North Shore Wastewater Treatment Plants, Coquitlam Water Intake and Tunneling projects, all currently being delivered by a newly formed Project Delivery Office at Metro Vancouver.

These Major Capital Projects have significant financial implications on the region, including residents, businesses and future growth. With these Major Projects being delivered over a decade, they will require decisions being made that span multiple terms of Board Members / Directors. Information provided to Directors at time of decision making is often limited in nature, does not discuss past decisions nor are they forward looking, has inadequate financial forecasts and consequences / trade-off discussions. Thus, as Directors we are unable to engage in adequate and meaningful dialogue and debate before, we make significant decisions on behalf of the region.

For example, the top 7 Major Capital Projects are being managed by one department, who answers solely to the CAO, with no independent third-party engineering and financial auditor to provide transparency, accountability and evaluate cost-benefit of integrated design-based principles / assumptions. Moreover, in the case of the $14 Billion Iona and North Shore Wastewater Treatment Plants there are insufficient details, and no audit, of how the primary treatment costs are calculated nor cost-benefit evaluation of community enhancement components that total an estimated 15% or $2 Billion of capital costs. Directors need to be fully apprised as to the breakdown and allocations of what make up these costs, who is verifying the costs, that costs are accurate and what is the consequence if community benefits are de-scoped. I believe there must be additional board oversight and decisions made on the costing of these Major Capital projects at a minimum.

DCC allocations:

I have a huge concern about the DCC cost apportionment bylaw and how the population and dwelling forecasts were determined, not only for Liquid Waste but for Water and Parks. I have been told that there are many factors that are considered; however, these other factors have not been provided. The current population and dwelling unit projects drive DCC rates and the levy rates in the future and it is the Boards duty to ensure these numbers are accurate as there are significant costs associated with these decisions.

The current Liquid Waste DCC cost apportionment bylaw lacks fairness and equity not just amongst the sewerage areas but also individual cities within each sewerage area. This inequity exists because not all sewerage areas have the same levels of service, have historical inconsistencies to wet-weather management and primarily because regional municipalities are not growing equally.

The Board has been advised that Metro Vancouver staff are seeking to make significant changes to the DCC allocations and apportionment in the 2025 work plan, including staff desire to introduce DCC waivers for rental housing or transit-orientated housing around SkyTrain. While these DCC / land-use policies are notional, they are only equitable if all municipalities have standardized rental policies, standardized DCC rates and a consistent, and equal, SkyTrain rapid transit service level. Without consistent policies and rapid transit service levels, a potential DCC waiver in one municipality will result in other municipalities having to overfund DCC and subsidize development across municipal borders. As it stands, the current growth forecasts appear inaccurate and DCC apportionment inequitable, and the proposed Metro Vancouver DCC Work Plan will exacerbate the situation and DCC changes will manifest increased inequity.

Governance:

All the above leads to one of, if not the biggest, issue the Metro Vancouver Board faces is in regards to lack of governance and oversight on Metro Vancouver staff and their independent staff led initiatives, decisions and interpretation of policy or strategy directions. The way the current Board is operating has many gaps in information, lacks sufficient details to make the decisions we need to and the full financial impacts or options are not being provided. For instance, the board is often asked to approve or endorse a very broad strategy that has a suite of staff led sub action items and staff driven priorities. There is often little or no discussion on the broad strategy let alone no consultation is provided on the sub action items. This results in a lack of crystal-clear strategies and policies which enables staff to make their own interpretations and significant decisions without Board consideration. I have found that staff has been using the strategic plan to pick and choose areas of focus with no clear direct board resolution which is affecting the information we are provided. I believe that the current governance model is not sufficient to ensure the Board is fully prepared and knowledgeable.

For example, for the DCC calculations the Board was not provided with information on how population and dwelling units were projected, nor was sufficient information provided to municipal staff through REAC and RFAC, nor has there been Board decision to move towards “one sewerage area”, although staff recommendations are leading to this. This begs the question, if municipal staff are not provided this information, nor with adequate review time, nor can they ask the questions then how can municipal staff provide the Board members with sufficient advice on the billions of dollar projects and policies that the Board is deciding and the impact it has on member municipalities, and elected officials, who are ultimately the point of contact for residents.

Conclusion:

Enclosed please find Appendix I which reiterates the questions I raised at the October 16, 2024 Metro Vancouver Special Board Meeting and the subsequent questions (Appendix II) being raised, after more information and meetings were arranged with Metro Vancouver Staff.

Given the concerns raised, it is my belief that the 2025 budget methodologies and information provided to the Board is not accurate/insufficient and does not portray the true impact on the decisions that have been brought to the Board. Consideration should be given to the Finance Committee to request deferral motion on the 2025 Budget to address the following:

1. Details on the contingency allocations for the NSWWTP and the impact on the 2025 budget, and the financial effect by removing these contingencies to the region HHI for 2025

2. Repeal the sewer DCC bylaw and bring forward a new bylaw that freezes the Liquid Waste and Water DCC rates at the 2025 rate, but cancels increase for 2026 and onwards

3. Repeal the introduction of a new Parks DCC for 2025, and no further consideration of introducing a Parks DCC until sufficient information is provided and discussed at the Finance Committee, including analysis on the usage of the funds collected by region

4. Full review of the Iona project scope where the cost escalations, usage of DCC funds are reviewed and approved by the Board. For example, review of the Liquid Waste DCCs collected to pay for a non-Liquid Waste infrastructure such as regional parks, roads, bike paths etc. as currently stipulated

5. Full cost breakdowns and DCC funds collected, by sewerage area, over the past 20 years and the component that each sewerage area has contributed to the Annacis Island Wastewater Treatment Plant

6. Review by external advisory group or committee on the financial decisions made by staff in regards to the Iona and North Shore Waste Water Treatment Plants

As a Director of Metro Vancouver and Councillor of the City of Surrey, I strive for the best interest of the public, both current and future looking, and both a regional and municipal perspective. I value transparency, accountability, fiscal responsibility, non-downloading of services from higher levels of government and a balanced approach when facing the challenges, and sometimes conflicting priorities, of our region face.

Regards,

Director Pardeep Kooner

Appendix I - At the October 16, 2024 at the Metro Vancouver Special Board Meeting the City of Surrey posed the following four questions for the Metro Vancouver staff:

1. How did Metro Vancouver calculate the DCC's for each individual sewerage area? Please provide calculations including costs, number of units, and unit types.

2. The Metro Vancouver website shows 0.8% of the Iona capital costs being allocated to growth/DCC's, yet Metro Vancouver staff have advised that this percentage is actually 8% for the DCC's. Furthermore, MV planning forecasts that the City of Vancouver will grow by 25.6% to 35%. Please clarify why the DCC growth rate does not coincide with the City of Vancouver growth rate.

3. It is the City of Surrey's understanding that the Provincial legislation and guidelines preclude Metro Vancouver to fund DCC projects across the various Sewerage areas. Can you please clarify the apparent discrepancies between the Provincial legislation and MV's practice?

4. The City of Surrey would like to know how the 70/30 cost share ratio for Tier 2 projects was derived and in what year? The City of Surrey is also requesting in which year did Metro Vancouver introduce sewer DCC's? Accordingly, was a resolution or bylaw adopted to apply the 70/30 cost share ratio to DCC's and what year was it adopted.

Appendix II – Further questions being raised to Metro Vancouver staff to address these questions on October 23, 2024, which are being provided to the Finance Committee on November 13, 2024.

During those conversations the following additional items are being brought forward as a concern.

1. Metro Vancouver has indicated 91% of sewage flow at Iona is solely for the City of Vancouver. The 8% growth rate allocated to the Iona project does not accurately reflect growth in the City of Vancouver (VSA). The 8% relates to "excess treatment plant capacity" after 2052 based on the projections used at the time this was brought forward to Metro Vancouver board members. As the City of Vancouver is currently switching from a combined sewer and storm system to a singular storm and singular sewer, the cost associated with the "excess capacity" is unfairly impacting the residents of the region. The residents of Vancouver will be further paying additional costs as they fund switching their sewer system. While I understand the desire to overbuild infrastructure and the amount may seem small at 8%; however, at a capital cost of $10B this 8% represents around $800 Million in additional costs being allocated to the region.

   There is another oversight in regards to the 8%. Metro Vancouver Growth Projections Report, provided to the Board for approval in 2024, indicates between 25.6% and 35% population growth / dwellings in the City of Vancouver and as such the growth component of Iona WWTP should be closer to 25% to 35%. Regardless of whether growth was 8% or 35%, a further compounding issue is that Metro Vancouver's Cost Apportionment Bylaw splits the growth costs 70 / 30 for Tier 2 costs, meaning growth in the region, particularly those municipalities in the FSA, will be subsidizing the VSA and Iona project. The financial impact results in the residents household portion decreasing significantly, if correct allocations are utilized. (Exhibit 1 (MV) vs Exhibit 2)

2. The current GVS&DD Cost Apportionment 70 / 30 growth funding model, per the bylaw, is inadvertently punitive to those cities outside the NSA and VSA for their growth, and does not align with the true spirit and intent of "growth paying for growth" as it is growth in the FSA paying for growth in the MV region. For example, the FSA dwelling unit projections are 3 times the VSA; therefore, growth DCC's collected from FSA municipalities that are growing will be funding Tier II and III projects in areas where the growth in units is not equal. This unfairly penalizes growing regions to fund projects where there is no direct benefit, and at the same time funding a vast majority of the projects and creates an inequitable DCC balance in the region. Based on the 2027 DCC rates and unit projections to 2052; the VSA contributions to sewerage areas is just over $1B, as compared to the FSA who fill fund approximately $3.7B (Exhibit 3). This 70/30 application of the DCC rates was not a prior issue, as the FSA has been historically charged double the DCC rate and was the area producing the majority of the units which was to fund the FSA's Annacis treatment plant. However, as the $15 Billion combined treatment plants in the North Shore and Vancouver region are to be completed the growth allocation must be re-evaluated, particularly because those municipalities / areas are not growing proportionately to fund their own projects. This results in residents from the FSA region contributing over 3 times the funds as VSA in the Iona example.

   The City of Surrey is requesting further information for total capital costs of Annacis, the DCC's collected to date by Sewerage Area, and the allocation of the funds collected for payment of Annacis growth by Tier.

3. The Cost Apportionment Bylaw also states each sewerage area must produce a certain number of housing units and if the growth in a sewerage area is not realized / achieved, then the municipalities within that sewerage area will be levied the "under collected" DCC portion regardless of whether an individual municipality achieved their growth/housing targets. This could unfairly punish cities that achieve growth targets and have contributed their portion of the DCC's. Furthermore, the 70/30 allocation discussion above could further exacerbate this potential situation. Having an inconsistent approach to DCC's and waivers across sewerage areas and municipalities could cause further inequity. Additionally, the Cost Apportionment approach is that the Bylaw does not have reciprocal language to provide "financial credits" to municipalities who provide excess growth / housing units or how excess funds collected will be allocated within the region.

4. The City of Surrey is concerned about the Capital Cost of the Iona project, specifically but not limited to:

   a. The unexplained cost escalations from $2 Billion a few years ago to $10 Billion, which have not adequately been defined, presented, discussed and deliberated with the Board.

   b. The apportionment of costs between Tier I / II / III, and potential audits of allocations, particularly because VSA is required to fund all costs associated with Tier 1.

   c. The apportionment of costs to the Vancouver Airport, including their direct contributions to this project and how their growth component is being allocated.

d. The Iona Conceptual Design Report indicates ground improvements alone are estimated to be 20% ($2 Billion) and there is no information as to how this cost allocated across the Tiers. Additionally, the Report includes the 80,000 tonnes of steel will be needed to support the weight of this project. As these projects are extremely costly, Board members have not been updated as to whether other options, including other locations, have been fully re-analyzed.

e. Added costs, above regulatory requirements, and their benefits and funding allocations to individual municipalities for the Tier III components of the Iona project. This includes items such as: tertiary treatment, park amenities, road and cycling upgrades, welcome centers and bus parking areas. The scope of these works are broad and beyond sewage costs and based on Metro Vancouver's Project Definition Report could range between 8% and 15% of total costs, equating to around $800 Million to $1.5 Billion in potential scope creep and potential improper allocation of sewage funds (DCC and levy) towards non-sewage assets.

f. Metro Vancouver Financial Budgets, including DCC budgets, are predicated on a $12.1 Billion Iona project, ($6.4 Billion project + $4 Billion risk/escalation/contingency + $1.7B interest). There has been no analysis, nor discussion with the Board, as to what the rates should be predicated for DCC collection, as Metro Vancouver appears to be pre-assuming the risk/escalation/contingency will be fully utilized. In essence, there is a potential for significant overcollection of funds (levy and DCCs) which would then be carried forward inaccurately beyond 2052.

5. In response to my motion and question #1, Metro Vancouver provided dwelling unit forecasts per sewerage area (refer to Appendix 1). Metro Vancouver's calculations for "Residential Lot Development Unit" raise further questions. For example, the projected "residential single-family lot" increase for VSA is 17,006 and for the FSA is 72,812. The City of Surrey is concerned that this increase in single-family residential lots is not accurate and possibly reflects rebuilds of residential lots where the sewerage and water DCC's have already been paid, which would result in double collection. Per Provincial legislation, only new residential lots or residential homes that have not been charged any DCC's for sewer or water should be charged for these DCC's as this would be growth paying for growth. We request further clarity on this item.

6. Metro Vancouver is seeking to introduce a new DCC charge for Parkland Acquisition. This new charge will further burden on the development industry, at a time of fiscal uncertainty and need for housing affordability. Furthermore, Metro Vancouver has not established a framework or criteria on how the collected parkland DCC's would be expensed.

   Exhibit 3 summarizes projected cash flows for water/sewer/park, derived from Metro Vancouver's dwelling projections and 2027 DCC rates. As shown in this exhibit, Metro Vancouver would be seeking to collect over $523 Million in parkland DCC's from municipalities within the FSA region alone. This analysis has identified the following questions:

   a. Was there Board direction that it is Metro Vancouver's mandate to fund regional parks, or conservation lands, when these types of properties should potentially be funded by higher levels of government?

b. If lands within the region are owned by another level of government (Federal, Provincial, Municipal, etc.), individual governments have limitations and/or processes by which they can dispose of lands, including referrals / priority to other agencies over Metro Vancouver. Has Metro Vancouver taken this into consideration when determining priority parkland acquisition and the associated costs when deriving their parkland DCC rate.

c. If the mandate is for "growth to pay for growth", will the allocation of Parkland DCC's being spent be in the individual municipalities it was collected from, or population projections, or dwelling units, or geography ("South of Fraser" vs "North of Fraser") or proximity to residents/population or based on a similar approach to liquid waste (i.e. VSA, FSA, etc.).

d. These questions speak to a need for an equitable framework before any further DCC's are introduced into the region, because the growth in the FSA has already been contributing at minimum double the funds to Metro Vancouver.

7. The City of Surrey is also requesting additional information for the North Shore Wastewater Treatment Plant:

   a. Per the 2025 Liquid Waste Budget / Financial Plan, Metro Vancouver is portraying the 2025 annual sewage levy increase as a 9% increase however this is not entirely accurate as mid-year 2024 amended NSWWTP HHI numbers was "baked in" to calculate the 2025 increase. The actual increase from 2024 for the City of Surrey is 37.6% (Exhibit 4) which is approximately a $27 million dollar increase. Therefore, please change your financial plans and reporting to reflect the actual rate increase for each individual sewage area and municipality.

   b. As part of the 2024 mid-year HHI impact for the NSWWTP, Metro Vancouver did not provide Board members with sufficient information on the cost coverage of the North Shore treatment plant, and specifically the individual costs per Tier I, II, III components, which now upon retrospect could have cascading impacts on other sewerage area DCC and levy. Based on initial review, this could amount to an incorrect allocation of $500 Million to $1.2 Billion.

Exhibit 1: Iona WWTP Project Cost Allocation % per Metro Vancouver

		VSA	NSSA	LIWSA	FSA	Total
Tier 1	G	3.1%				3.1%
	NG	35.2%				35.2%
Tier 2 30%	G	1.3%				1.3%
	NG	14.7%				14.7%
Tier 2 70%	G	0.6%	0.2%	0.2%	1.9%	2.9%
	NG	13.1%	2.2%	2.4%	16.5%	34.2%
Tier 3	G	0.2%	0.0%	0.1%	0.5%	0.7%
	NG	3.0%	0.5%	0.6%	3.8%	7.9%
	G	5.2%	0.2%	0.3%	2.4%	8.0%
	NG	66.0%	2.7%	3.0%	20.3%	92.0%
		71.2%	2.9%	3.3%	22.7%	100.0%
Cost of Project per MV		$ 8,579,565,763	$ 353,172,101	$ 395,881,509	$ 2,733,727,526	$ 12,051,187,500
	Growth	$ 626,661,750	$ 29,416,949	$ 31,212,576	$ 289,228,500	$ 964,095,000
	Non Growth	$ 7,952,904,013	$ 323,755,152	$ 364,668,934	$ 2,444,499,026	$ 11,087,092,500

Exhibit 2: Iona WWTP Project Cost Allocation %

		VSA	NSSA	LIWSA	FSA	Total
Tier 1	EC	3.08%				3.08%
	G	8.45%				8.45%
	NG	26.77%				26.77%
Tier 2 30%	EC	1.28%				1.28%
	G	3.51%				3.51%
	NG	11.13%				11.13%
Tier 2 70%	EC	1.14%	0.19%	0.21%	1.44%	2.99%
	G	3.14%	0.52%	0.57%	3.95%	8.20%
	NG	9.94%	1.66%	1.82%	12.51%	25.96%
Tier 3	EC	0.26%	0.04%	0.06%	0.33%	0.69%
	G	0.72%	0.12%	0.15%	0.91%	1.90%
	NG	2.29%	0.38%	0.48%	2.91%	6.04%
	EC	5.77%	0.23%	0.26%	1.77%	8.04%
	G	15.82%	0.64%	0.73%	4.86%	22.06%
	NG	50.13%	2.04%	2.30%	15.42%	69.90%
		71.72%	2.92%	3.29%	22.06%	100.00%
Cost of Project per MV		$ 8,642,609,984.06	$ 352,042,422.56	$ 396,584,093.61	$ 2,658,112,109.07	$ 12,051,187,500
	EC	$ 694,907,263.28	$ 28,292,090.85	$ 31,866,955.11	$ 213,617,903.48	$ 968,794,963.13
	G	$ 1,906,443,752.67	$ 77,646,765.16	$ 87,466,313.76	$ 586,272,677.14	$ 2,658,130,426.88
	NG	$ 6,041,258,968.12	$ 246,103,566.56	$ 277,250,824.74	$ 1,858,221,528.45	$ 8,424,141,598.13

EC = Excess Capacity

G = Growth Portion

NG = Non-Growth Portion

Exhibit 3: Proposed Rates 2027 Estimated Cash Flows by Region

	Projected Units	Sewer	**Total Sewer**	Water	**Total Water**	Parks	**Total Park**	**TOTAL**
Vancouver Sewerage Area								
Single Family	17,006	$12,476.00	$212,166,856	$19,714.00	$335,256,284	$1,943.00	$33,042,658	$580,465,798
Townhouse	3,480	$11,400.00	$39,672,000	$17,710.00	$61,630,800	$1,751.00	$6,093,480	$107,396,280
Apartment	71,043	$7,484.00	$531,685,812	$12,223.00	$868,358,589	$1,199.00	$85,180,557	$1,485,224,958
Non Residential	50,036,921	$6.30	$315,232,602	$9.54	$477,352,226	$0.94	$47,034,706	$839,619,534
			$1,098,757,270		**$1,742,597,899**		**$171,351,401**	**$3,012,706,570**
North Shore Sewerage Area								
Single Family	6,569	$11,557.00	$75,917,933	$19,714.00	$129,501,266	$1,943.00	$12,763,567	$218,182,766
Townhouse	2,346	$10,652.00	$24,989,592	$17,710.00	$41,547,660	$1,751.00	$4,107,846	$70,645,098
Apartment	16,470	$7,111.00	$117,118,170	$12,223.00	$201,312,810	$1,199.00	$19,747,530	$338,178,510
Non Residential	12,422,082	$5.92	$73,538,725	$9.54	$118,506,662	$0.94	$11,676,757	$203,722,145
			$291,564,420		**$490,868,398**		**$48,295,700**	**$830,728,519**
Lulu Island Sewerage Area								
Single Family	-136	$6,855.00	-$932,280	$19,714.00	-$2,681,104	$1,943.00	-$264,248	-$3,877,632
Townhouse	8,386	$5,943.00	$49,837,998	$17,710.00	$148,516,060	$1,751.00	$14,683,886	$213,037,944
Apartment	18,477	$4,241.00	$78,360,957	$12,223.00	$225,844,371	$1,199.00	$22,153,923	$326,359,251
Non Residential	19,106,232	$3.08	$58,847,195	$9.54	$182,273,453	$0.94	$17,959,858	$259,080,506
			$186,113,870		**$553,952,780**		**$54,533,419**	**$794,600,069**
Fraser Sewerage Area								
Single Family	72,812	$13,613.00	$991,189,756	$19,714.00	$1,435,415,768	$1,943.00	$141,473,716	$2,568,079,240
Townhouse	56,534	$11,914.00	$673,546,076	$17,710.00	$1,001,217,140	$1,751.00	$98,991,034	$1,773,754,250
Apartment	139,833	$8,686.00	$1,214,589,438	$12,223.00	$1,709,178,759	$1,199.00	$167,659,767	$3,091,427,964
Non Residential	122,865,549	$6.43	$790,025,480	$9.54	$1,172,137,337	$0.94	$115,493,616	$2,077,656,434
			$3,669,350,750		**$5,317,949,004**		**$523,618,133**	**$9,510,917,888**
TOTAL			**$5,245,786,310**		**$8,105,368,082**		**$797,798,653**	**$14,148,953,046**